



2016/2017

ANNUAL REPORT

**ALFRED DUMA LOCAL
MUNICIPALITY**

CHAPTER 1 – MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

1.1 MAYOR'S FOREWORD



The Constitution is South Africa's fundamental vision statement, which guides our policies and actions.

On behalf of the newly elected Council of Alfred Duma Local Municipality, let me reaffirm our commitment to advance the ideals of our country's Constitution at all times.

Through legitimate interventions, I rise on behalf of the newly elected Council to congratulate the collective cooperation displayed by the former Emnambithi/Ladysmith and Indaka Local Municipality Political Office Bearers and Municipal Management and Officials in advancing the call for integrating the two municipalities.

Today I speak competitively of Alfred Duma Local Municipality. Some never thought it would be possible. The 2016/17 financial was indeed a turning point in the lives of many communities within the constituency we serve under the new municipal demarcation.

Politically and administratively we lead a broader scope and we have a broader mandate of service delivery.

Throughout 2016/17 financial year, this Council has been actively involved in adopting the best models to be procured in advancing course towards the provision of municipal services. This includes the procurement of a new financial management system.

Furthermore, our Human Resource Management policies had to be reviewed to accommodate the restructuring and placement of all municipal employees. With the expertise and capacity of our dedicated Human Resource practitioners, we witnessed a smooth transition.

Currently we have a new organogram which seeks to align service delivery, employee retention and promotion.

Currently we are Council characterised by Strategic Restructuring aimed at delivering on a newly defined mandate of Service Delivery Acceleration and Radical Transformation in consultation with the National Development Plan and Back to Basics Government Agenda.

Alfred Duma Local Municipality serves as an Implementing Agent of government's Transformation and Delivery Programme. Our performance is exceptional and meets the expected standards.

Our Internal Capacity creates an enabling environment for us to partner with external associates in developing plans, programmes and initiatives aimed at ensuring that we translate the political manifesto

of the African National Congress into Actual Service Delivery Achievable.

We have reached a phase of confirmation based on the mandate of the electorate, our rural communities have not been adequately serviced and thus our focus will still remain in addressing such backlogs particularly in the electrification of rural households, construction of access roads and improving rural infrastructure.

In conclusion, Council will remain committed to improving Communication between the leadership and its electorate to prevent service delivery protests and service delivery uncertainties.

We will continue to implement service delivery projects guided by Performance measures which are realistic.

Through the IDP, we have clear Performance Targets which guide the Service Provision Agenda of our municipality.

Guided by the Back to Basics Approach, Community-Consultative-Engagements are and will continue to be enhanced in an endeavour to correct perceptions and close any vacuum that could be created as a result of muteness.

I represent a Council Leadership Collective inspired by a habit and hobby to constantly communicate with the people and highlight all challenges that we may have encountered in the execution of our mandate, and further elucidate on our achievements as government at whatever sphere of government.

We will not deliberately create Empty promises in the course of duty, be it the political representatives or officials. The Council within which I serve is guided by principles of Responsiveness and Accountability, never will we be shy to explain and provide clarity to the community we serve.

Success is realised when Preparation and Opportunity meet.

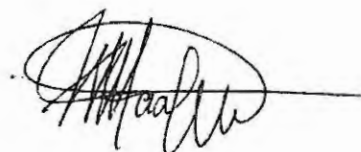
We have to excel in what we do.

We need to promote good values of the organisation to our employees.

We need to introduce change that is founded on good principles and culture.

Our organisation is still at a restructuring phase, if we were able to merge there would be no obstacle preventing us to develop one organisational culture, we need to break existing barriers to advance towards exceptional organisational performance.

I thank you



CLLR MV MADLALA
MAYOR
ALFRED DUMA LOCAL MUNICIPALITY

1.2. EXECUTIVE SUMMARY

1.2.1. MUNICIPAL MANAGER'S OVERVIEW

Developmental Local Government is Local Government committed to working with citizens and groups within the community.

Administratively the municipality is performing well and ultimately successful in all its required functional areas.

We have strengthened our relationship with the broader community to find long-term or sustainable ways to meet the social, economic and material needs and improve the quality of the lives of the community.

We have developed strategies and mechanisms to continuously engage with citizens, business and community groups. The Alfred Duma Local Municipality remains transparent and accountable to the:

- Voters
- Participants in the policy process
- Consumers and service-users
- Partners in resource mobilization.

ACHIEVEMENTS:

PARKS AND GARDENS- the Alfred Duma Local Municipality entered and won 1st price in the National Arbor City Award competition in September 2016. The first of such honour to be bestowed to a Local Municipality from the KwaZulu Natal province. The prize included a certificate to the Municipality in recognition of our contribution towards the greening initiatives in form of the Mayoral Tree Planting Programme and the maintenance of recreational parks, a trophy and R 350 000.00 prize money.

The competition was organized by the Department of Agriculture, Forestry and Fisheries (DAFF) in partnership with the Institute of Environmental and Recreation Management and sponsored by Total South Africa. The purpose of the competition is to encourage municipalities across the country to green their areas of jurisdiction, and therefore promote the conservation of the environment and mitigation of the impact of climate change.

LIBRARY SERVICES- Writers from our Vulindlela Writers Club submitted their writings of poetry to enter a competition run by the Department of Arts and Culture (DAC). Three of their works were selected as winners and prizes were given to them. Currently these works are in the process of being published by Department of Arts and Culture (DAC) in an anthology of poetry. National Library Week was celebrated with our local reading ambassador, Mr Alfred Duma who visited all areas within our Municipality to deliver his message of building a reading nation.

CHALLENGES:

In leading the Administration, I can summarise obvious challenges that we encountered as follows:

- Audit opinion which needs to be benchmarked with that of the former Emnambithi/Ladysmith Municipality
- Provision of services to the broader municipal scope with more rural areas/communities
- Limited compliance based on the integration of two municipalities which was inconsistent
- Lack of policies noting that we have to customise previous policies to match the newly established municipality
- Poor information management arising from records management systems of the previous

municipal administrations and the combination thereof

- Capacity gaps arising from the historical placement and appointment of employees from the former municipalities
- Poor revenue collection noted from the increased number of households which are indigent as inherited from the former Indaka Municipality

Challenges identified above should be confronted with velocity of a bull. There is adequate capacity to solve these challenges internally through interaction and consultation with external associates.

We have experience and guided by legislative prescripts and government policies we will turn the corner and emerge as champions and change the situation soon.

Whilst we confronted by some of the above challenges, we have been able to remain unshaken in our approach towards service provision and community infrastructure development programme.

The municipality was able to award contracts to deserving and competent service providers to implement service delivery projects.

In conclusion, during the 2016/17 financial year, on behalf of Municipal Management, I wish to confirm that there is a Municipal Turnaround Strategy concluded upon which will guide and improve the municipal performance.

- The strategy provides direction and identifies focus areas
- It provides a framework for decision-making and action
- The strategy lays the foundation and long-term plan for the municipality
- The strategy inherited service delivery projects of the former municipalities which were incomplete
- The strategy also consists of new projects guided by the Municipal IDP
- The strategy initiates change and improvement while providing fundamental principles of performance
- It enables the municipality to organise its resources and allocate the budget according to municipal priorities
- Our strategy incorporates best practices in operational planning towards acceptable municipal performance.

Councillors and all municipal officials were involved in the development process of this turn-around strategy and thus Council adopted such a strategy.

Operationally, I can confirm that our strategy creates confidence, since the newly established municipality has a clear direction and the municipality is clear on what it wants to achieve, and Council has a solid plan and support systems in place to ensure that the strategy is implemented successfully, driven by all Political Office Bearers the Municipal Management and Officials.

In striving towards improving our communities, Rural Development is possible and will remain the focus area.

Our approach towards Service Delivery is linked with Economic Emancipation.

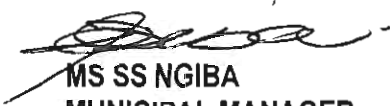
Our approach towards Service Delivery remains Radical.

Our approach towards Service Delivery seeks to transform.

- As Council we believe in Youth Employment
- As Council we support Youth Emancipation
- As Council we believe in Economic Freedom towards Youth Empowerment.

Collectively we have a responsibility to unite our Communities we serve.
Guided by Government Acts and Municipal Legislations, We Will Deliver.

I thank you



**MS SS NGIBA
MUNICIPAL MANAGER
ALFRED DUMA LOCAL MUNICIPALITY**

1.2.2

MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

1.1 INTRODUCTION AND BACKGROUND

The redetermination of boundaries in terms of section 21 of the Local Government: Municipal Demarcation Act 1998 (Act No.27 of 1998) resulted in certain municipalities being disestablished and their former areas of jurisdiction merged under new municipalities to be established. KZN238Municipality and Indaka Local Municipality are part of the municipalities that will merge and form a new municipality gazetted as KZN 238.

This document presents the Draft Integrated Development Plan KZN 238 Municipality for 2016/2017 financial year. Chapter five of the Municipal Systems Act (MSA) No. 32 of 2000, inter-alia, requires all municipalities to be developmentally-orientated in their planning. This is to ensure that they strive to achieve the objectives of local government as set out in section 152 of the Constitution and give effect to the developmental duties bestowed upon them by the Constitution so as to progressively realize the fundamental rights contained in section 24, 25, 27 and 29 of the Constitution.

Further to that this IDP document is preparing the merger of the two municipalities which will happen after the 2016 Local Government Elections. The Integrated Development Plan (IDP). In terms of the Act, the Integrated Development Plan (IDP) must be developed in a co-operative and participatory manner, taking in to account other strategies and plans of vertical and horizontal departments. The plan must be aligned to resources and capacities of the municipality together with implementation plans. It must be a policy framework through which budgets and strategic decisions can be made from.

1.2 DOCUMENT OUTLINE

The document is crafted taking into account a number of development dynamics and each division is interrogated in length under sections of the document laid out as follows:-

Chapter 1: Executive Summary

This chapter presents the summarized version of the IDP and briefly explains the KZN 238 municipality, its challenges and presents the developmental strategy for the municipality with its priorities and how such is to be monitored.

Chapter 2: Planning Development Principles and Government Policies and Imperatives

This chapter presents the municipality's developmental informants from National, Provincial, District all the way down to local and how the municipality has aligned to these principles, policies and imperatives.

Chapter 3: Situational Analysis

This chapter presents a rigorous analysis of the status quo of the municipality concentrating on demographical analysis, spatial, environmental, agricultural, disaster management, municipal transformation and institutional development, basic service delivery, socio-economic development, finance and good governance.

Chapter 4: Municipal Vision, Goals and Objectives

Long terms development imperatives by concentrating on the vision, mission, goals, objectives and strategies

Chapter 5: Strategic Mapping

This chapter spatially references the spatial development strategy of the municipality and it concentrates on desired outcome and strategic intervention areas.

Chapter 6: Implementation Plan

This chapter provides a list of projects per department.

Chapter 7: Financial Planning

This chapter presents the financial plan for the municipality.

Chapter 8: Performance Management System

This chapter reflects an in-depth analysis of Performance Management Systems at KZN238Municipality through critical analyses of the monitoring and evaluation tools put in place to ensure the productivity of the organization.

1.3 THE MUNICIPALITY AT A GLANCE

The KZN 238 Municipality is the result of the redetermination of boundaries in terms of section 21 of the Local Government: Municipal Demarcation Act 1998 (Act No.27 of 1998) which resulted in certain municipalities being disestablished and their former areas of jurisdiction merged under new municipalities to be established and in this case KZN238Municipality and Indako Local Municipality are part of the municipalities that will merge and form a new municipality known as KZN 238. The category of the municipality is still yet to be determined by the MEC for Cooperative Government and Traditional Affairs and is located in the Northern part of KwaZulu Natal. It will be one of the three municipalities in the Uthukela District. The Municipality is strategically located along the N3 corridor which links Durban and Gauteng as well as the N11 which links it with Mpumalanga and Free State Provinces well located in relation to at least two of the major tourism destinations in KwaZulu-Natal. In fact, it serves as a base for the exploration of the Battlefields to the north and Ukhahlamba-Drakensburg Park to the south. The latter is a World Heritage Site and a world acclaimed tourist destination.

In terms of Land Use Management System (LUMS) for the Municipality a three (3) tier planning process will be adopted where planning is done at a municipal level, community level and a site level.



The IDP and SDF is developed for the municipality which will inform council of the areas that require more detailed planning and the type of planning essential for the area. Local Area Plans, Precinct Plans, Regeneration Strategy or Development Strategies have been developed for the areas of greatest need and approved by the Political Change Management Committee. All these plans will be used to inform what happens at a site level which is articulated through the proposed Schemes (ond existing) and proposed Rural Policy which aims at guiding land development at a site level.

1.3.2 SPATIAL STRUCTURING ELEMENTS OF THE MUNICIPALITY AS CONTAINED IN THE SDF INCLUDE:

- Nodes(Concentration of activities)
- Corridors(Main roads/Arterials)
- Settlement patterns(Formal/Informal/Traditional)
- Restrictive conditions(Environmental/Topographical/Geo-technical)

- Environment /Open space Active/passive
- Urban Edge and
- Mix use Development

The municipality will however review and develop the next five year Spatial Development Strategy so that it will reflect the following:

- The desired 2030 vision, goals and objectives
- Strategic interventions required to meet the desired outputs
- A description of catalyst projects for 2017-2021

1.3.3 THE ENVIRONMENT

The municipality is located in the uThukela Water Management Area (WMA) with the Klip River and Sunday's River and their tributaries traversing the municipality. These rivers drain into the Tugela River (also known as uThukela), which is the largest river system in KwaZulu-Natal. The Tugela River forms part of the Tugela River Catchment, which is approximately 30 000 km² in extent. This is one of the important river catchments in South Africa, which drains from the Drakensberg escarpment into the Indian Ocean. There is substantial runoff from the Tugela catchment as a result of high rainfall. This presents the municipality with great opportunity in relation to agriculture.

The issue of contributing towards the green environment is also a priority in the municipality hence the recently constructed waste recycling plant which will be fully function by end of 2016 and at the same time will contribute towards creating jobs in the area especially for rural people. Another project that the municipality will embark on this financial year is planting of trees in and around the town to address the emission of gas in the atmosphere around Ladysmith.

1.3.4 POPULATION

Census (2011) indicates that the population for the former Emnambithi/Ladysmith municipality has risen from a total of 225 459 people in 2001 to 237 437 in (2011) with an average growth of 0.52% which is much less than in 2001 where the growth rate was 4.67% while with former Indaka Municipality Census (2011) decreased from 113,644 people in 2001 to 103,116 people. Thus indicates a population decline of 10.2% over 10 years. The current population then for KZN 238 is 340 116 as per statistics obtained through Census 2011 for Indaka and Emnambithi/Ladysmith Municipalities. One of the reasons that has led to decrease in the population is that the youth migrates to other cities like Durban, Pietermaritzburg and Gauteng looking for jobs and tertiary institutions.

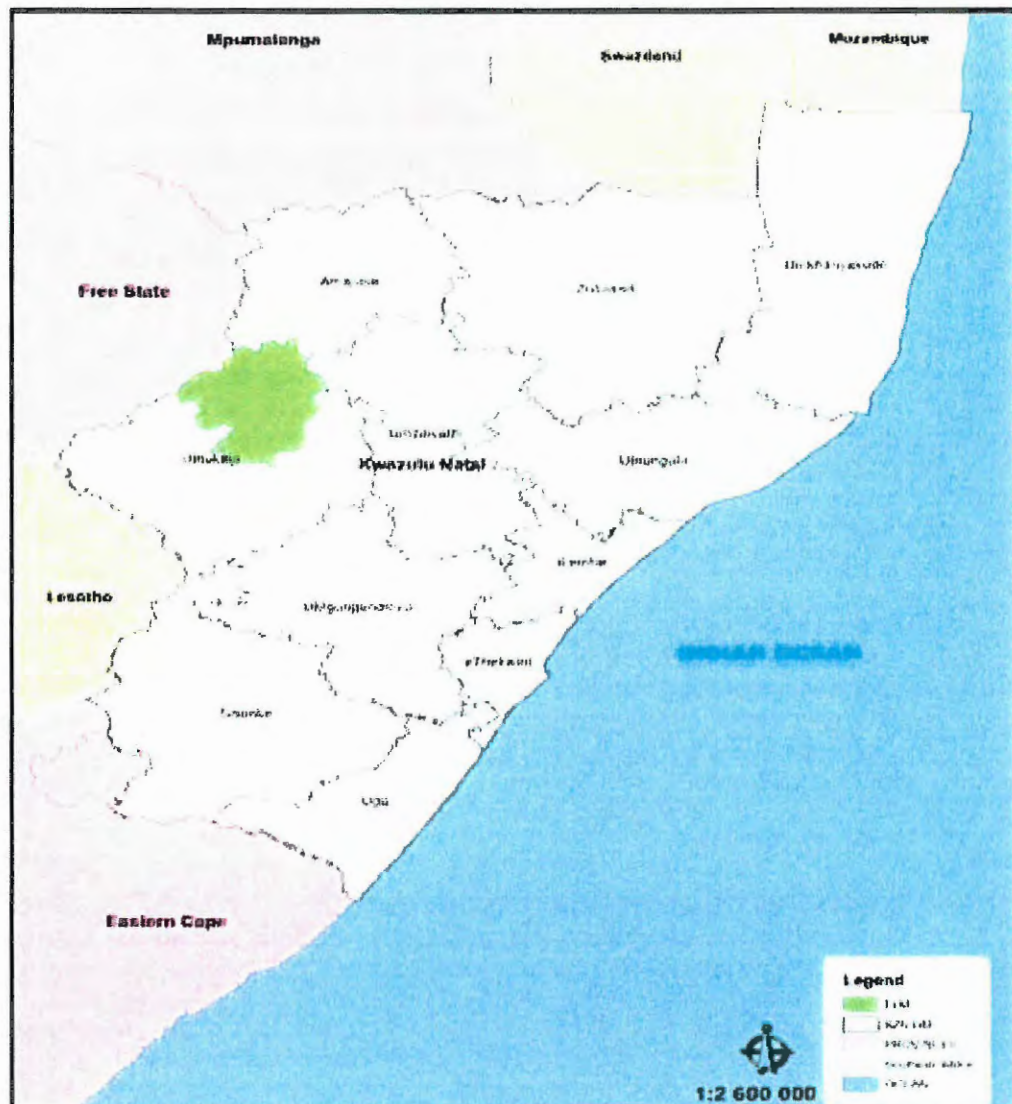
1.3.5 MUNICIPAL SOCIO-ECONOMIC SPACE OVERVIEW

1.3.5.1 PROVINCIAL SPACE ECONOMY

KZN 238 Municipality spans over an area of 4 010,13km² of which 90% is rural land with limited basic services and infrastructure. The municipality is laid on the banks of the UThukela River within the region of Northern KwaZulu Natal.

It's boarded by the Greater Drakensberg Mountain to the extreme West. In terms of the socio-economic macro context, the municipality is midway between the National Primary Nodes of Johannesburg and Durban. To the west of the municipality lies the Free State Province and to the north the Mpumalanga province. Bisecting the municipality is the presidential prioritised railway corridor which links the areas of Durban and Johannesburg.

Figure 1: ELM PROVINCIAL OVERVIEW



1.3.5.2. DISTRICT SPACE ECONOMY

The KZN238 Municipality forms part of the UThukela District Municipality which comprises of other 2 Local Municipalities, namely; Okhahlamba LM and KZN 237 which will be formed by merging Umtshezi and Imbabazane local Municipalities. The municipality currently functions as the main economic hub of the District Municipality with most of the regional offices and industries located in it. In terms of the District Management Area (DMA) of uThukela, the municipality covers approximately 11500km². It is located on the western boundary of KwaZulu Natal.

Figure 2: ELM DISTRICT OVERVIEW

The map above seeks to illustrate the spatial configuration of the District Municipality. It indicates the 5 local municipalities that make up uThukela District. It also shows the movement infrastructure of the municipality. Dissecting the DMA space economy is the N11 provincial route which adjoins to the N3 National Route on the Northern parts of the municipality. This clearly illustrates the infrastructural strengths of the municipality.

1.3.5.3. LOCAL SPACE ECONOMY

KZN 238 Municipality comprises of 36 wards with 22 of those being rural wards and some of them administered by the Traditional Authorities namely Inkosi Khumalo in Driefontein Block and Inkosi Shabalala in Matiwane, Inkosi Sthole, Inkosi Zwane, Inkosi Mthembu and Inkosi Mabaso Mhlumayo area and Inkosi Nxumalo, Inkosi Kunene, Inkosi Mbhensi and Inkosi Mchunu in the Limehill area. The map represents a range of settlements from urban to municipal service centers, agricultural landscapes, industrial and semi-rural residential settlements. The 36 wards within the Municipal jurisdiction will be represented by 73 councillors and the number the Executive Committee will be determined after Local Government Elections that will take place in August 2016.

KZN 238 comprises of the following areas

- Ladysmith Area;
- Colenso;
- Ezakheni;
- Steadville;
- St Chads;

- Driefontein Complex;
- Matiwaneskop;
- Roosboom
- Mhlumayo area and
- Limehill area

Ladysmith is the main/primary urban area/town in the municipality. The Township was proclaimed in June 1850 and officially named Ladysmith later that year. It is accessed via the N11 that connects the town with the N3 and traverse the town while making its way to the north. The R103 from Colenso and Roosboom in the south intersects the N11 in the southeast. Residential suburbs include Egerton, Observation Hill, Reservoir Hill, Hospital Park, Rose Hill, Residential settlements include Steadville and Leonards Ville, with a border of commercial activity on its westernmost edge closest to the river and the CBD.

Industrial areas include the Danskrall Industrial area to the north-east and further southeast is the industrial area of Nambiti. The south-westerly periphery of the CBD over the Klip River is characterised by public open space and recreational areas, including Settlers Park, the Indoor Sports Complex and the Aerodrome. The remaining settlements are rural in nature with the exception of Colenso and Ezakheni, and other minor township such as Steadville and Ekuvukeni.

1.3.5. LOCATIONAL ATTRIBUTES OF KZN238

KZN 238 Municipality forms part of the UThukela District Municipality, which is one of the ten district municipalities in KwaZulu-Natal. The UThukela District is located along the western boundary of the KwaZulu-Natal Province (KZN), and adjoins the Kingdom of Lesotho and the Free State Province. It also forms the northern segment of UThukela District and is bordered by the Free State province to the west, Dannhauser municipality to the north and Endumeni a municipality to the northeast and east, Umtshezi municipality to the southeast and Okhahlamba municipality to the southwest. It covers an area of approximately 3020km² in extent and has a population of about 340 116 people (2011). Approximately 20% of the municipality is urban whilst 80% is rural, which presents obstacles in terms of service delivery.

Figure 4: ELM CONTEXTUAL OVERVIEW



KZN238 municipality will be anchored around Ladysmith Town which serves as a service centre and administrative centre for the whole of Uthukela District, and a commercial hub for the north-western part of KwaZulu-Natal.

The municipality is strategically located at the intersection of two major national development corridors and trade routes, which is: The N11 which runs in a north south direction linking KwaZulu-Natal with Mpumalanga Province; and the N3 which runs in an east west direction linking Durban and Johannesburg Metropolitan areas.

Railway line linking KwaZulu-Natal and provinces such as Gauteng and Mpumalanga also runs through the area creating opportunities for the KZN238 to benefit from the recently announced rail infrastructure development programme. To realise this benefit the municipality has established a medium term project called Intermodal Feeder Port with the aim of resuscitating railway lines in Ladysmith and create economic growth as stipulated in the Provincial Growth Development Strategy.

As such, KZN 238 municipality is highly accessible at both regional and national level. This is recognised in the recently introduced Provincial Growth and Development Strategy for KwaZulu-Natal which classifies Ladysmith as a tertiary node with regional significance. This means that the area is earmarked for the location of infrastructure that serves the whole of Uthukela District and beyond, and connects the region with major urban centres such as Durban and Johannesburg.

Industrial Tugela Catchments and Tugela River, Natural Bush, Forests and the climate is mostly comfortable. The cultural attractions include the certain parts of the Battlefields and Memorial, Museums, Monuments, Rock Art, Crafts, Recreation (Horse Riding) and tourism routes.

The municipality is located in a region with a rich heritage and military history ranging from the uMfecane period (early 1800s) to the turn of the century when the Boers tried to stem the tide of British imperialism. It includes Shaka's predatory campaigns, the arrival of the Voortrekkers, the Anglo Zulu War and the Anglo-Boer Wars. The Battlefields Route provides a structured journey around the sites of various battles, skirmishes and sieges which are situated in a broad belt running through the central core of the region, from Estcourt in the south, through Ladysmith, Dundee and Newcastle, to Charlestown in the north.

This presents the area with a unique 'tourism triangle' character, consisting of three of the five B's branding of provincial tourism – Berg, Bush and Battlefields. In addition to its three main destinations, there is a diversity of related attractions and accommodation facilities. This rich diversity allows tourists to experience a wide range of activities and scenes within a relatively small area, and is used as an important marketing element in the regional tourism industry.

The municipality is also located in the uThukela Water Management Area (WMA) with the Klip River and Sunday's River and their tributaries traversing the municipality. These rivers drain into the Tugela River (also known as uThukela), which is the largest river system in KwaZulu-Natal. The Tugela River forms part of the Tugela River Catchment, which is approximately 30 000 km² in extent. This is one of the important river catchments in South Africa, which drains from the Drakensberg escarpment into the Indian Ocean. There is substantial runoff from the Tugela catchment as a result of high rainfall.

1.4 INTEGRATED APPROACH TO THE DEVELOPMENT OF THE KZN 238 MUNICIPALITY IDP 2016/2017

The development of the strategic approach for the municipality is guided by the analysis done within the municipal areas of jurisdiction of both Indaka and KZN238 municipalities but also noting the impact in the district with the aim of achieving our long term vision which is informed by the National Development Policy, Provincial Strategic Plan, Provincial Spatial Economic Strategy including the National and Provincial State of Address and other policies. Consultations were done with communities, sector departments, businesses, NGO's and all

relevant stakeholders so as to have a buy in in the drafting process of the IDP and ultimately own the process.

Prior to the approval of the IDP, the following structures meet to discuss it in detail. The Political Change Management Committee Council for now is the structure that is entrusted with the responsibility of IDP approval. Our municipal IDP is then fed to the District IDP to give the holistic view. It is the same IDP that coordinates and link spatial information with non-spatial data in a single and user friendly presentation.

1.4.1 MEC Comments on the 2015/2016 IDP FOR KZN238

The second review of the 3rd generation IDP should be drafted informed by the following mandate:

- Cabinet Lekgotla
- District Lekgotla
- M&E Framework
- State of the nation Address
- State of the Province Address and
- Outcomes 1-14

It should also be noted that this IDP was assessed considering the six Provincial Government Priorities, as identified in the state of the Provincial address 05 March 2014 by the Premier of KwaZulu Natal as well as the seven Provincial Growth and Development Strategy goals (PGDS). The link between the National Development Plan (Vision 2030) and the relevant KPAs was also considered.

1. MUNICIPAL IDP MATTERS OF EMPHASIS AND OBSERVATION

1.1 MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT

I commend your municipality for ensuring that key human resource policies are in place and are being implemented, i.e. the Employment Equity Plan, Workplace Skills Plan and Human Resource Strategy. However I encourage your municipality to develop a new Human Resource Strategy as the current one has exhausted its lifespan. I commend your municipality for ensuring that there is dedicated human resource for environmental management, however I am concerned that you have vacant critical posts. Therefore, I argue your municipality to fill these critical posts to ensure leadership within departments/ units. In keeping with legislative developments in the country, the municipality is hereby advised that it needs to take cognizance of the requirements on the Spatial Planning and Land Use Management Act, Act 16 of 2013 in respect of institutional arrangements (internal resource) and budget requirements for its implementation.

1.2 LOCAL ECONOMIC DEVELOPMENT

I strongly encourage the municipality to review its LED plan since it has not been reviewed since adoption in 2009. There is no evidence of linking the PGDP and DGDP priorities at local level in the IDP. Thank you for including projects that are clearly indicated and budgeted in the IDP&LED Plan, yet these must still align with the Vision 2030 prescripts. Thank you for sufficiently covering your catalytic projects which were well covered. It is important for your municipality to follow and use the provincial IDP Guideline in order to meet all the requirements.

1.3 BASIC SERVICE DELIVERY

In the water and sanitation component, your municipality is encouraged to use the latest adopted Water Services Development Plan (WSDP) and Census 2011 information in

conjunction with each other. The information on the backlogs of waste management is presented through the use of tables. However, I encourage your municipality to include the spatial mapping of backlogs for waste management. Please ensure that you indicate the status of the Integrated Waste Management Plan (IWMP) and the date of adoption. I note that the spatial mapping of transformation infrastructure is included. I commend your Municipality for including a detailed O and M Plan for the transportation infrastructure. In the electricity/energy component, there is no indication of the status of Energy Sector Plan, O and M Plan. The inclusion as spatial mapping of backlogs for electricity can enhance your IDP. The information provided on community facilities is not comprehensive enough. You need to include backlogs and priorities for all the sector departments and the spatial mapping of those backlogs. Your IDP indicates that your municipality is engaged with the relevant Sector Departments regarding housing provision. However, you need to improve on the presentation of your information. Please ensure that you include the spatial mapping of backlogs for telecommunications in the future document. I encourage you to include in this section the SWOT analysis of the KPA.

1.4 FINANCIAL VIABILITY AND MANAGEMENT

I would like to commend your municipality for a well-structured overview of the Financial Viability and Management KPA and for obtaining a clean audit opinion in the 2013/2014 financial year. The municipality has not indicated the percentage of the capital budget that has been spent in the last three years to determine improvements on spending of capital expenditure. The next IDP review should include an audit action plan and financial plan and should reflect the amount allocated for operations and maintenance of municipal fixed assets and projects which have committed funding and are from other service providers but are not in the Municipal Budget. The comments serve as key observation and short comings and should be addressed in your next IDP review.

1.5 GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Your municipality is congratulated for the comprehensive coverage and detailed reporting on the good governance KPA. However, you are requested to report on the status and functionality of the Internal Audit Committee in next IDP Review, as no information was included in your documentation. It is recommended that you identify strategies to improve on attendance, in order to ensure a quorum for the MPCA meetings. It is further recommended that you attach the AG report to confirm that there were no AG concerns in the previous year. The participation of Amakhosi in Council meetings, as per Section 81 of the Municipal Structure Act, is applauded. Your municipality is commended for being part of the established IGR structures, however, you are encouraged to future participate in the implementation of the IGR terms of reference of these Structure.

1.6 CROSS CUTTING INTERVENTIONS

I note that you have complied with Section 26(e) of the Municipal System Act (MSA), (Act No. 32 of 2000) and Section 12(1) and Section 20 of the Spatial Planning and Land Use Management Act (SPLUMA), (Act No.16 of 2013) 2013 (SPLUMA) which requires your municipality to develop the Spatial Development Framework (SDF) and ensure that it is included as an annexure to your IDP. The SDF is required to be in compliance with section 2(4) of the Local Government Planning and Performance Management Regulation, 2001 (Reg. 796 of 2001) and the provision of Section 21 of the Spatial Planning and Land use Management Act, 2013 (Act 16 of 2013). The Spatial Principles, Section 21 provision and institutional arrangements and requirements for the implementation of SPLUMA have been incorporated in your SDF.

The municipality is commended for addressing a number of issues raised in the MEC's comments on previous SDF's. The SDF clearly indicates areas of natural environment that need to be protected, focuses on urban edge for containment of sprawl, responds to the principles of SPLUMA and indicates clearly priority spending areas. The municipality is commended for its improved alignment and application of National and Provincial imperatives. The great progress that the municipality has made in developing intensity is also noted. It is, however, recommended that any Local Area Plans and their implications for scheme controls be concluded as annexures to the SDF.

I also advise that the quality of your SDF would also be enhanced by, including a comprehensive Capital Investment Framework (CIF) which will guide and coordinate government (Sector departments) spending and making use of the Strategic Environmental Assessment (SEA) process to assess the cumulative (sector departments) spending and making use of the Strategic Environmental Assessment (SEA) process to assess the cumulative impact of the spatial representation of environmental layers information. The Emnambithi Environmental Management Framework (EMF) is outdated and does not incorporate new information from the latest District environmental strategic tools. I, therefore recommend that the municipality source the information from the District EMF and Integrated Environmental Plan. The comprehensive rural development strategy and consideration of the Comprehensive Development Programme (CDRDP) in your SDF is commended, however your municipality is argued to unpack the programme in more detail and dedicated a section in the SDF to rural development specifically. It is further recommended that a distinction should be made between the land reform and rural programmes to determine intent of the projects and possible future intervention required. Projects must also be mapped in relation to high potential agriculture land and existing civil services, to facilitate better strategic decision making and planning.

An agricultural Sector Plan must also be developed, in collaboration with KZN DARD, with a vision for agriculture in the municipality, in which high value agricultural land is identified, prioritized and protected from non-productive land uses. The inclusion of the Housing Sector Plan covering priority areas, backlogs, current and planned projects; Disaster Management Sector Plan and sustainability appraisal as part of the SDF in order to meet the requirements of the MSA Regulations is commended. However, strategic mapping of critical biodiversity and conservation areas in relation to existing and planned bulk infrastructure and services must be undertaken as part of your next SDF review.

The SDF is commended for developing a detailed Land Use Management Framework and providing a good overview of the areas where schemes have been adopted and where land use management interventions are required. Your municipality is also commended for ensuring that institutional arrangements for the implementation of SPLUMA are in place and that schedule 1 process of the PDA as its application process is adopted as an interim measure the municipality adopted, while finalising the adoption and gazetting of by-laws.

With the implementation of SPLUMA on the 1st July 2015 you are further required to noted Section 24(1) which states that "a municipality must, after public consultation, adopt and approve a single land use scheme for its entire area within five years from the commencement of the act". I, therefore, suggest that your municipality priorities the adoption of a draft land use scheme currently in place.

Kindly take cognisance of the fact that your municipality is affected by the 2016 boundary demarcation process and therefore you are urged to ensure that the

demarcation implications are considered in your next SDF review. The outgoing Council must adopt the reviewed 2016/17 SDF.

2. OTHER KEY OBSERVATIONS TO TAKE INTO CONSIDERATION

In addition to the comments that have been made above, below are points that have to be adhered to regarding developments, intricacies and challenges that face municipalities in the arena of development and Planning. I particularly note the following:

2.1 STRATEGIC THRUST OF THE 6 KPS'S

The IDP contains the municipal Goals, objective and strategies however the municipality's annual goals, objectives and strategies in the IDP are not well defined as per the available guidelines. The cross cutting KPA was also not included. Your municipality is commended for detailing the process of performance management as per the Operational Performance Management System policy framework.

2.2 IMPLEMENTATION OF OPERATION SUKUMA SAKHE

Your municipality is commended for the detailed reporting on the background, status and progress made with the roll out Operation Sukuma Sakhe, including your reporting on the challenges experienced during implementation. Your reporting on the various interventions, War Room, Ward Task Team, Local Task Teams and inclusion of the SWOT is duly noted.

2.3 BACK TO BASICS

I have noted by inspection of the Mayor Foreword that the Council have endorsed Back to Basics as an approach to interact more responsively with their constituency. The municipality is commended for embracing the back to basic programme.

3. OVERALL CREDIBILITY ASSEMENT OF YOUR IDP

In order to improve the credibility of the IDP, the content page should contain page numbers and some tables have to be made more readable. In some cases there are heading in the contents page that are not in the IDP.

4. CONCLUSION

In conclusion, let me make the following recommendations pertaining to all our future engagement:

- 1 Your Municipality is advised to compile and public notice in terms of Section 25(4) of the MSA announcing that the IDP has been reviewed and adopted. This notice is required by auditors by auditors as they undertake the municipal audit process.
- 2 Given the fact that your municipality is affected by the re demarcation process, I advise that you actively participate in the change management committee and consider the demarcation implications in your final review of the 3rd generation IDP and SDF.
- 3 The municipality must take into consideration the local government elections when adopting the final review of 3rd generation IDP. All statutory requirements and obligations and time frames with regard to review and adoption of budget and IDPs have not been waived.

Whether elections will be held before or after 30 June 2016:

Current Council must adopt the 2016/17 IDP Review for implementation by a new Council from 01 July 2016

If elections are held after 30 June 2016:

Current Councils must adopt the 2016/17 IDP Review by 30 June 2016 for implementation by a new Council after 01 July 2016 and will also implement the IDP for a part of the 2016/17 financial year.

The new Council will implement the IDP from the date of election to end of the financial year

Matters that need action by council:

Current Council must table the draft IDP Review 2016/2017 implementation by 31 March 2016 together with the draft budget for 2016/2017.

Current Council should adopt the IDP review for implementation in 2016/2017 by 30 June 2016

New Council need to embark on a process to develop a new five year plan (IDP) as mandated by legislation. This action must be initiated from Inauguration day and be concluded before end of March 2017 for tabling: 4th Generation IDP 17/18.

4. Your district family of municipalities is reminded to engage with each other in order to facilities to implement the District Growth and Development Plan.

1.5 PROCESS PLAN

Emnambithi /Ladysmith municipality and Indaka Local municipalities both prepared a joint/combined Process Plan which was adopted by the Political Change Management Committee but also approved by both current Councils and adopted as per Section 28 (1) of the Municipal Systems Act (2000) to ensure alignment of the IDP, Performance Management Systems (PMS) and the budget.

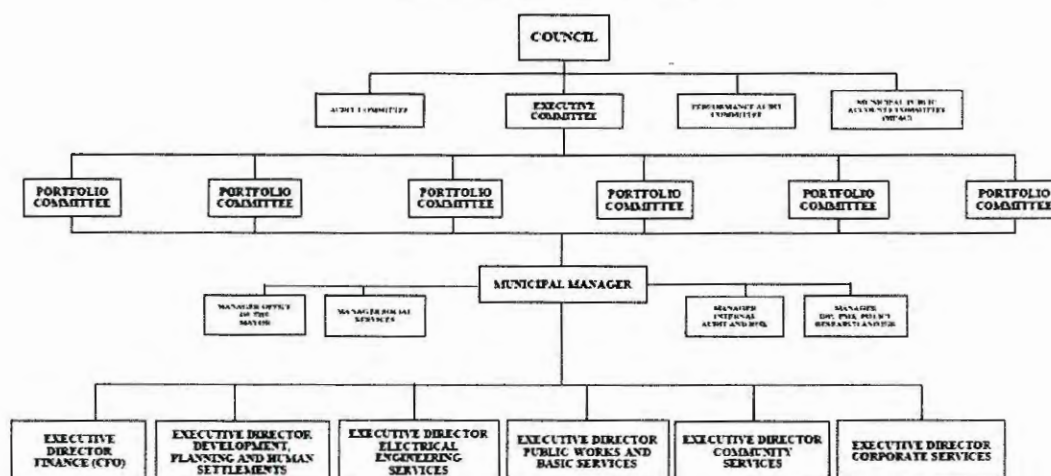
Table below outlines roles and responsibilities of who is involved in the IDP review, what is each stakeholder's role including what needs to be done and by when.

Role Player	Roles and Responsibilities
Council	<ul style="list-style-type: none"> ❖ Adoption of an IDP/SDF ❖ Adoption of a Process Plan. ❖ Annually Review IDP/SDF ❖ Amend IDP under changing circumstances.
EXCO	<ul style="list-style-type: none"> ❖ General management of the drafting of the IDP/SDF. ❖ Assign responsibilities in this regard to the Municipal Manager and Portfolio Committees. ❖ Recommend the IDP/SDF draft plan to the Council for adoption.
Councillors	<ul style="list-style-type: none"> ❖ Linking the IDP/SDF process with their constituencies. ❖ Organising the public participation.
Portfolio Committees	<ul style="list-style-type: none"> ❖ To make recommendation to EXCO.
Municipal Manager	<ul style="list-style-type: none"> ❖ Decide on planning process; ❖ Develop and compile a draft IDP/SDF ❖ Monitor the process of IDP/SDF Review; ❖ Overall Management and co-ordination; ❖ Provide the necessary resources for the compilation and implementation of the IDP/SDF . ❖ Ensure that the Budget and SDBIP is informed by the approved IDP. ❖ Submit a draft IDP to the EXCO.
Municipal HoD's	<ul style="list-style-type: none"> ❖ Provide technical/ sector expertise. ❖ Prepare and review selected Sector Plans. ❖ Prepare draft progress reports and proposals.
IDP Manager	<ul style="list-style-type: none"> ❖ Day-to-day management of the process.
IDP Steering Committee	<ul style="list-style-type: none"> ❖ Assist and support the Municipal Manager/IDP Manager and Representative Forum. ❖ Information "GAP" identification. ❖ Oversee the alignment of the planning process internally with those of the municipality areas.

1.7 INSTITUTIONAL ARRANGEMENT

The KZN 238 municipality consist of the following Departments which ensures the delivery of services and oversight of municipal affairs: the Office of the Municipal Manager, Department of Finance, Department Development and Planning, Department Community Services, Department Corporate Services, Department of Human Settlements, Department Engineering Services, Department of Electrical Engineering . An organogram has been developed together with the placement Policy and have been approved by the Technical Change Management Committee currently awaiting Political Change Management Committees approval. in order to ensure the smooth transition of the Municipality. Organogram of KZN 238 will be attached as an annexure to the IDP.

**COUNCIL AND MANAGEMENT STRUCTURE
KZN 238 MUNICIPALITY**



1.8. KZN 238 MUNICIPALITY: STRENGTHS, WEAKNESSES, OPORTUNITIES AND THREATS (SWOT) ANALYSIS

STRENGTHS	WEAKNESSES
<p>Good Infrastructure and Road Networks (road & rail & airport, the N11, N3 & Aerodrome)</p> <p>Proactive municipal structure and administration</p> <p>Diverse and broad economy</p> <p>Abundance of undeveloped land</p> <p>Strong political alignment which creates a conducive environment for functionality and service delivery.</p> <p>Good customer relations with all sectors of our society</p> <p>Skilled and experienced staff compliments that are able to provide administrative and technical leadership to enable effective decision making to politicians.</p>	<p>Weak & poor co-operation & communication between local municipality and district municipality and between municipal internal sector departments</p> <p>Poor investment strategy and business retention.</p> <p>Inefficient communication between business society and the municipality.</p> <p>Poor revenue collection</p> <p>High number of poor and indigent communities</p> <p>Poor staff retention strategy</p> <p>Lack of upwards mobility plans and strategies.</p> <p>In consistent job evaluation</p> <p>Poor communication and understanding of roles and responsibilities between councillors and officials. Poor gran funding</p>
OPPORTUNITIES	THREATS
<p>Strategically located between Johannesburg & Durban economic hubs</p> <p>Branded city "The hame of Ladysmith Black Mambazo"</p> <p>Number of tertiary educational facilities</p> <p>The proposed Regional Mall along Helpmekoar Road; Extension 15 Development</p> <p>The location of the Big 5 Game Reserves and tourism facilities & sites.</p>	<p>Aging infrastructural services</p> <p>High rates and property taxes.</p> <p>Poor disaster management plans a strategies</p> <p>Migration of skilled and competent labour</p> <p>High levels of political interference administrative processes and pracedures</p> <p>Poor intergovernmental relations</p> <p>High crime rates and high levels of poverty</p> <p>Unequal service delivery that is more urban bias at the negligent of rural communities</p> <p>HIV/AIDS represents a serious economic threat.</p>

1.9 VISION

Taking into account the human and financial capabilities of the municipality the council envisions that:

KZN 238 Municipality will be Kwa-Zulu Natal most prosperous city where all residents enjoy high quality of life.

The vision commits the municipality to championing economic development within the key sectors that characterises Emnambithi/ Ladysmith. It also entrusts the municipality with the responsibility of delivering services and creation of a safe and healthy environment. This vision is also embedded with economic, social, service delivery and social cohesion elements. The vision was a result of a collaborated strategic planning meeting which took place in Drokensburg early December 2015.

1.9.1 ELEMENTS OF THE VISION

The KZN238 vision encompasses the following five dimensions of development in which we strives for:

1. **Economic:** a broad, diverse and inclusive economy that grows at least at a 3% growth rate per annum in order to create conducive conditions for employment opportunities.
2. **Social:** social harmony and inclusiveness, poverty alleviation and equity
3. **Service Delivery:** an excellent service delivery for all residents
4. **Social Cohesion:** unity and strength and good social relations
5. **Environmental Sustainability and Diversity:** development that meets the needs of today without compromising the ability of the future generations to meet their own needs. We strive for tolerance of diversity and we strive to be a resilient town that can adept and survive all conditions imposed upon it.

1.10 MISSION

The Mission Statement defines the fundamental purpose of the municipality and is as follows:

- ∞ Providing Basic Services in an affordable and sustainable manner;
- ∞ Promoting social upliftment and economic regeneration;
- ∞ Promoting a safe and healthy environment;
- ∞ Promoting public participation in the manner that supports Co-operative / Developmental Government;
- ∞ Building and entrenching Citizen Involvement.

In addition to that, it is a legal requirement of the Municipal Systems Act that Municipalities should set and implement strategic priorities, predetermined objectives, indicators and targets aligned to the local government strategic agenda. Moreover to this, the framework should be in line with the Performance Management System of the municipality so as to enable the assessment of developmental progress and shortfalls of each area and enhance where applicable and necessary. Therefore, the municipality has set the following strategic objectives and goals for the next 5 years:

1.11 MUNICIPAL STRATEGIC GOALS

1.11.1 GOAL NUMBER ONE: CREATING A CONDUCIVE ENVIRONMENT FOR ECONOMIC

- To ensure enhancement of appropriate and sustainable LED
- To contribute towards the development of Tourism Sector
- To contribute towards the development of the Agricultural Sector

- To promote the participation of Woman, Youth and the Disabled in LED projects and activities
- To promote SMME Development
- City Regeneration

1.11.2 GOAL NUMBER TWO: FINANCE

- Improve financial viability of municipality
- To enhance effective and efficient SCM process and procedures
- Improve budget implementation in the municipality

1.11.3 GOAL NUMBER THREE: SPATIAL DEVELOPMENT (CROSS CUTTING)

- To improve response to disasters
- To promote the sustainability and protection of the municipality
- Improve strategic and spatial planning in the municipality

1.11.4 GOAL NUMBER FOUR: GOVERNANCE

- To improve municipal inter-departmental and external (including IGR) communication
- Alleviate fraud and corruption in the organisation
- Improve effectiveness of public participation in the municipality
- Improve municipal efficiencies and operations
- Increase social development in municipal area

1.11.5 GOAL NUMBER FIVE: BASIC INFRASTRUCTURE

- To improve access to infrastructure
- To plan and support the acceleration of sustainable human settlements at appropriate locations
- Improve access to electricity
- Improve the provision and maintenance of municipal roads and sidewalks □ Enhance access to and provision of social and community services

1.11.6 GOAL NUMBER SIX: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT

- To ensure that the Municipality has well skilled, competent, reliable and motivated employees and Councillors
- To improve institutional and organisational capacity
- Improve municipal performance through PMS implementation

1.12 SPATIAL TRANSLATION OF THE MUNICIPAL VISION

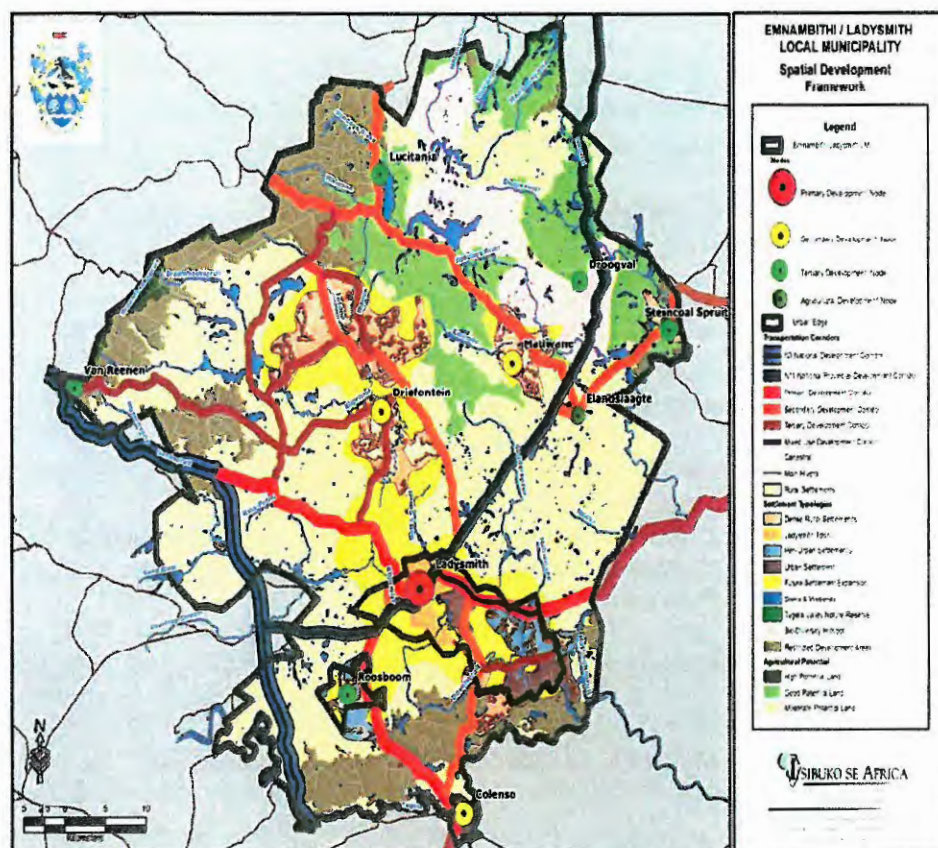
The KZN 238 SDF is based on a detailed analysis of the spatial development trends and patterns within the region and the municipality in particular. It also taken into accounts the national and provincial spatial planning imperatives, and seeks to contribute to spatial transformation within the municipality. It acknowledges that the area to the east of Ladysmith Town, particularly Ezakheni and St Chad's areas are at the receiving end of the urbanisation processes taking place within the KZN238. The same is happening to a lesser extent in the dense rural settlements located mainly to the north and west of Ladysmith Town. This includes the Driefontein Complex, Matiwane, Nkunzi, etc.

The SDF discourages the continued outward expansion of these settlements and recommends containment of urban and settlement expansion. As such, it advocates for a densification, compaction and transformation of rural and urban settlements into sustainable human

settlements and development of Ladysmith as a regional service, administrative and commercial hub.

It seeks to achieve this through a number of strategic initiatives, particularly the following:

- Establishing and developing a system of development corridors operating at different
- ▮ Focusing development in strategically located areas as a means to unlock the economic opportunities and facilitate spatial integration.
- ▮ Focusing equally on both rural and urban development as a means to manage rural/urban linkages and promote rural development.



The implementation of the Municipality service delivery established from the above six national key performance areas is further furnished by the support of the Municipalities Performance Management System which evaluates the feasibility, progress and completion of the Goals set through Organizational and individual Performance management system (OPMS) for a holistic well rounded

- levels but connecting local areas with the centre and integrating the KZN238 into the regional and provincial economy.
- A system of development nodes providing services and access to facilities at different scales with Ladysmith being a regional node.
- Promoting a continuum of settlements ranging dense urban to scattered sparsely populated rural settlements.

The achievement of the targets set is measured by specific smart indicators which represent the productivity in the targeted national key area, the project based service delivery projects are measured with the completion date that is set on the service provider service level agreements. The remaining national key performance are measured with and numeral percentage accounting to the set target.

1.2.3 SERVICE DELIVERY OVERVIEW

(a) Introduction

Basic Services were delivered to a total of 52595 households as at 30 June 2017, which were delivered as follows:

- Electricity: 19333 households and 611 Eskom area households = 19944 households
- Refuse removal: 33 262 households

Out of these 52595 households, free basic services were delivered to a total of 3244 indigent household in the following manner:

- Electricity - 50kWh free
- Refuse removal -R63.38 per month levy for one removal per week

1.2.4 FINANCIAL HEALTH OVERVIEW

(a) Introduction

The municipality is presently still in a healthy financial situation but good financial management practices and the effect of cost pressures on financial resources requires a continuous evaluation of the financial position of the municipality. These cost pressures include the maintenance of the ageing infrastructure, as well as items beyond the control of the municipality, such as the effect of the Eskom increases (7.86%) as well as the collective agreements on employee related costs (6%), contribution to post employee health benefits which was budgeted for R 3.4 million due to the increased life expectancy of fund beneficiaries according to actuarial calculation.

The Municipal Finance Management Act 2004, together with the implementation of Generally Recognised Accounting Practices (GRAP) in local government, shifted the focus from the traditional "short-term balanced Income and Expenditure budgets" to sustainability over at least the medium term with emphasis on cash-funding. The municipality closed the financial year with more cash than the previous financial year and must still put controls in place to ensure that cash recourses do not deplete. The demand for infrastructure investment, and especially the replacement of ageing infrastructure, requires a significant amount of cash, and the municipality identified the preservation of its cash resources while also attending to the investment requirements, as a critical strategic area to be addressed in each future budget.

(b) Ratio

Viability Information	Previous Year
Debt Coverage	1:64,87
Cash Coverage	1:0,90
Outstanding Debtors	1:0,88

(c) Financial Overview - 2016/2017

Description	Original Budget	Adjustment Budget	Actual
Grants	R328 812 658	R346 090 658	309 156 033
Taxes, Levies and tariffs	R485 478 918	R487 330 385	Nil
Other	R 51 501 162	R 48 886 884	Nil
Income	R865 792 738	R882 307 927	781 163 595
Less Expenditure	R756 363 572	R778 813 833	669 090 818
Net Total	R109 429 166	R103 494 094	163 819 617

(d) Comment on operating ratios

Employee costs (including Councillors Remuneration) represent 27% of total operating expenditure, which is in line/not in line with expected norms set by the National Treasury.

(e) Total Capital Expenditure

Original Budget	Adjustment Budget	Actual Expenditure
R 210 247 500	R 248 816 643	R 211 136 929

(f) Comment on capital expenditure

Expenditure on the capital budget was underspent by 15.14%.

1.2.5 ORGANISATIONAL DEVELOPMENT OVERVIEW

Alfred Duma Local Municipality aims to ensure service delivery of the best possible quality for all the inhabitants of the Municipality. To achieve this, a prime goal of the Municipality's Human Resource Strategy is: To create a flexible organisation that enables optimal performance by developing and retaining a properly skilled and representative workforce. Alfred Duma Local Municipality considers its human resources as one of its most critical assets.

CHAPTER 2 – GOVERNANCE**2.1 INTRODUCTION**

Governance is seen by Alfred Duma Local Municipality as an exercise of economic, political and administrative authority to manage the municipality's affairs at all levels. It comprises of the mechanisms, processes and institutions through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations and mediate their differences. To ensure good governance, which is – among other things – participatory, transparent and accountable – the Municipality views the four components dealt with in this Chapter as interrelated and mutually reinforcing.

2.2 POLITICAL AND ADMINISTRATIVE GOVERNANCE

2.2.1 INTRODUCTION

Section 151(3) of the Constitution states that the Council of a municipality has the right to govern, on its own initiative, the local government affairs of the local community.

Political governance is the process of decision-making to formulate policy, whereas administrative governance is the system of policy implementation.

The Alfred Duma Local Municipality strives towards achieving the following characteristics of efficient governance in both the above legs of governance:

- Participation;
- Rule of law;
- Transparency;
- Responsiveness;
- Consensus orientation;
- Equity;
- Effectiveness and efficiency;
- Accountability; and
- Strategic vision.

2.2.2 POLITICAL GOVERNANCE

(a) Introduction

The Municipal Finance Management Act no 56 of 2003 (MFMA) Section 52 (a): The Mayor must provide general political guidance over the fiscal and financial affairs of the municipality.

In terms of section 9 (d) of the Municipal Structures Act 1998, the Alfred Duma Local Municipality should have an executive system combined with Council system.

The Audit Committee report directly to Council, providing opinions and recommendations on financial processes and performance. Thereafter their report is submitted to Municipal Public Accounts Committee (MPAC).

The Municipal Public Accounts Committee (MPAC) is in place to reinforce the oversight arrangements in the Municipality and to ensure the efficient and effective use of municipal resources. Its key role is to consider and evaluate the content of the annual report and to make recommendations to Council when adopting an oversight report on the annual report, as required in terms of section 121 of the Local Government: Municipal Finance Management Act and Circular no. 63 dated September 2012 issued by National Treasury.

(b) Mayor: Cllr MV Madlala

The Mayor is the chairperson of the Executive Committee (EXCO). In terms of Municipal Structures Act, Municipal Systems Act, Municipal Finance Management Act no. 56 of 2003 (MFMA) and Municipal

Planning and Performance Regulations, the Mayor performs duties, including any ceremonial functions, and exercises the powers delegated to the mayor by the municipal Council or Executive Committee.

(c) Deputy Mayor: Cllr T Hadebe

The Deputy Mayor exercises the powers and performs the duties of the Mayor, if the Mayor is absent or not available.

(d) Speaker: Cllr TW Ngubane

- Presides at the meeting of the Council.
- Ensures that the Council meets at least once a quarter.
- Strictly ensures that the Council meetings are conducted in accordance with the rules and orders of the Council.
- The provision of administrative and secretarial support services to all councillors. This support strengthened the effectiveness of councillors in their role as public representatives.

(e) Chief Whip: Cllr T Njapha

The Chief Whip performs duties that are delegated to him by Council; including the following but not limited:

- Developed and approved a Code of Conduct for councillors. The Council Speaker and the Council Chief Whip have co-responsibility to ensure adherence to the Code of Conduct.

(f) Political decision-taking

Section 53 of the Municipal Systems Act no. 32 of 2000 stipulates inter alia that the respective roles and areas of responsibility of each political structure and political office bearer of the Municipality and of the municipal manager must be defined.

The section below is based on the Section 53, of the Municipal Systems Act no. 32 of 2000, roles and responsibilities that was approved at the Council meeting of August 2016.

The political decision making at Alfred Duma Local Municipality is supported by the Management Committee. Management the decided on forwarding only issues that have to be submitted to EXCO and Council, either in terms of the EXCO and Council's delegated authority or through requests received from one of the Portfolio Committees.

Once the Executive Committee (EXCO) has accepted the recommendations, such recommendations are submitted to Council for consideration and adoption/noting depending on the particular situation or issue at hand. In the few cases where Council cannot reach consensus, the issue will go to vote. Once the Minutes of the Council meeting have been adopted, the responsibility lies with the Accounting Officer to ensure that actions are taken to implement the resolutions.

Municipal Council

- governs by making and administering laws, raising taxes and taking decisions that affect people's rights;
- is a tax authority that may raise property taxes and service levies;
- is the primary decision maker and takes all the decisions of the Municipality except those that are delegated to the Executive Committee and/or Administration.

- can delegate responsibilities and duties for the purpose of fast and effective decision making;
- must strive towards the constitutional objectives of local government;
- must consult the community regarding local government matters; and
- is the only decision maker on non-delegated matters such as the approval of the IDP and Budget.

The Municipal Council of the Alfred Duma Local Municipality consists of Seventy two (72) members. Thirty six (36) represents wards and the remainder of Councillors are proportional representatives elected to represent political parties on the basis of proportional representation. The ruling party in Council is the African National Congress (ANC). The first Council Meeting elected the Mayor, Deputy Mayor, Council Speaker and Chief Whip.

Table: Representation of Political Parties in Council

Political Party	Number
African National Congress (ANC)	46
Democratic Alliance (DA)	4
Economic Freedom Fighters (EFF)	4
Inkatha Freedom Party (IFP)	16
National Democratic Convention (NADECO)	1
National Political Alliance (NPA)	1
Total	72

(g) Executive Committee (EXCO)

The Council established an Executive Committee comprising of nine (9) members. All EXCO meetings are convened in terms of the Municipal Structures Act. The Mayor decides when and where Special Executive Committee meets. It is composed in the following way:

Table: Representation of Political Parties in EXCO

Political Party	Number
African National Congress	6
Democratic Alliance	1
Inkatha Freedom Party	2

(h) Portfolio Committees

These committees are established in terms of Section 79 of the Municipal Structures Act no. 117 of 1998, in order to deliberate and make recommendations to the Executive Committee.

The Council has six (6) portfolio committees and every political party is represented in all committees. Members of the Executive Committee are tasked with the responsibility of chairing the supporting committees. The committees are:

- **Finance Portfolio Committee**

This committee was established to deliberate on all finance related matters within the Alfred Duma Local Municipality and sits on a monthly basis to discuss finance issues and refer such issues to EXCO and Council.

Table: Members of the Finance Portfolio Committee

Member	Political Party
Cllr MV Madlala (Chairperson)	African National Congress
Cllr S Kubheka	African National Congress
Cllr L Kubheka	African National Congress
Cllr S Mfusi	African National Congress
Cllr V Nkabinde	African National Congress
Cllr M Mbatha	African National Congress
Cllr N Maphalala	Inkatha Freedom Party
Cllr L Boobun	Inkatha Freedom Party
Cllr M Suddaby	Democratic Alliance

- **Support Services Portfolio Committee**

This committee was established to deliberate on all organisational development related matters, which include human resources, general administration and training, IT related issues & development activities within the Alfred Duma Local Municipality and sits on a monthly basis to discuss the above-mentioned issues and refer such issues to EXCO and Council.

Table: Members of the Support Services Portfolio Committee

Member	Political Party
Cllr N Khanyile (Chairperson)	African National Congress
Cllr S Radebe	African National Congress
Cllr S Khulu	African National Congress
Cllr M Mlotshwa	African National Congress
Cllr T Hlomuka	African National Congress
Cllr Z Myende	African National Congress
Cllr X Mhlongo	Inkatha Freedom Party
Cllr T Dlamini	Inkatha Freedom Party
Cllr V Murugan	Democratic Alliance

- **Social Services Portfolio Committee**

This committee was established to deliberate on all social and institutional development related matters, which include Performance, Youth Development, Sports, Communications, Public Participation, Internal Audit and Risk Management and Operation Sukuma Sakhe (Gender, Children & Women) within the Alfred Duma Local Municipality and sits on a monthly basis to discuss the above-mentioned issues and refer such issues to EXCO and Council.

Table: Members of the Social Services Portfolio Committee

Member	Political Party
--------	-----------------

Cllr T Hadebe (Chairperson)		African National Congress
Cllr T Dubazane		African National Congress
Cllr S Kubheka		African National Congress
Cllr T Gwala		African National Congress
Cllr M Ndamane		African National Congress
Cllr N Mbatha		African National Congress
Cllr Z Nsuntsha		Inkatha Freedom Party
Cllr M Khoza		Inkatha Freedom Party
Cllr M Shange		Economic Freedom Fighters

- Development, Planning & Human Settlements Portfolio Committee**

This committee was established to deliberate on all Development, Planning and Human Settlement development related matters, which include Local Economic Development & Tourism, Town Planning, Housing and Real Estate activities within the Alfred Duma Local Municipality and sits on a monthly basis to discuss the above-mentioned issues and refer such issues to EXCO and Council.

Table: Members of the Development, Planning & Human Settlements Portfolio Committee

Member	Political Party
Cllr A Mchunu (Chairperson)	African National Congress
Cllr N Mbhense	African National Congress
Cllr G Hlubi	African National Congress
Cllr D Mazibuko	African National Congress
Cllr N Vilakazi	African National Congress
Cllr T Mchunu	African National Congress
Cllr S Sithole	Inkatha Freedom Party
Cllr T Khumalo	Inkatha Freedom Party
Cllr M Nkosi	Economic Freedom Fighters

- Community Services Portfolio Committee**

This committee was established to deliberate on all Public Safety, Community Facilities and Traffic Management related matters, which include Licensing and Traffic Administration, Disaster Management, Municipal Fleet Management, Solid Waste Management, Parks & Garden and Security Services within the Alfred Duma Local Municipality and is sitting on a monthly bases to discuss the above-mentioned issues and refer such issues to EXCO and Council.

Table: Members of the Community Services Portfolio Committee

Member	Political Party
Cllr S Msibi (Chairperson)	African National Congress
Cllr M Mbatha	African National Congress
Cllr D Radebe	African National Congress
Cllr M Mchunu	African National Congress
Cllr N Zwane	African National Congress
Cllr N Zikalala	African National Congress
Cllr L Kunene	Inkatha Freedom Party
Cllr L Sibisi	Inkatha Freedom Party
Cllr L Nkosi	Economic Freedom Fighters

- **Infrastructure and Electrical Portfolio Committee**

This committee was established to deliberate on all infrastructural development services, which include project management, maintenance and electricity services within the Alfred Duma Local Municipality and sits on a monthly basis to discuss the above-mentioned issues and refer such issues to EXCO and Council.

Table: Members of the Infrastructure and Electrical Portfolio Committee

Member	Political Party
Cllr LS Madinane (Chairperson)	African National Congress
Cllr T Njapha	African National Congress
Cllr M Nkabinde	African National Congress
Cllr T Gamede	African National Congress
Cllr T Njoko	African National Congress
Cllr SD Sokhela	African National Congress
Cllr K Msibi	Democratic Alliance
Cllr P Sithole	Inkatha Freedom Party
Cllr M Khoza	Inkatha Freedom Party

i) Section 79 Committees in terms of the Municipal Structures Act

Table: Members of the Municipal Public Accounts (MPAC) Committee

Member	Political Party
Cllr N Mchunu (Chairperson)	ANC
Cllr SD Vilakazi	ANC
Cllr S Dlunwane	ANC
Cllr T Xaba	ANC
Cllr J Magasela	ANC
Cllr M Mbhele	ANC
Cllr N Thwala	ANC
Cllr B Majola	IFP
Cllr N Mthethwa	NPA
Cllr S Sibisi	NADECO
Cllr PN Mazibuko	EFF
Cllr SA Buys	DA

Table: Members of the Rules Committee

Member	Political Party
Cllr TW Ngubane	ANC (Chairperson)
Cllr V Madlala	ANC
Cllr SA Buys	DA
Cllr T Dlamini	IFP
Cllr N Mthethwa	NPA
Cllr T Njapha	ANC
Cllr L Nkosi	EFF
Cllr SZ Sibisi	NADECO

2.2.3 ADMINISTRATIVE GOVERNANCE

(a) Introduction

By law, the Municipal Manager automatically is the head of administration as well as the accounting officer. The Municipal Manager has extensive statutory and delegated powers and duties, as well as powers and duties that can be inferred from such statutory and delegated powers and duties.

The Municipal Manager is, amongst others, responsible –

- for the formation and development of an economical, effective, efficient and accountable administration;
- to ensure that the municipal “machine” operates efficiently, that the organizational structure is able to perform the various tasks and exercise the necessary controls;
- to fulfil a leadership role in the administration; this is of utmost importance to influence the actions of staff and to inspire and persuade them to work together to realize the municipality’s goals;
- for the implementation of the municipality’s integrated development plan, and the monitoring of progress with implementation of the plan; and
- for the financial responsibilities as accounting officer as determined by the MFMA.

The Municipal Manager is the chief adviser of the municipality and must advise the political structures and political office-bearers of the municipality. The Municipal Manager must see to the carrying out of the decisions of the political structures and political office-bearers of the municipality.

The Municipal Manager must facilitate participation by the local community in the affairs of the municipality and must also develop and maintain a system whereby community satisfaction with municipal services is assessed.

Department	Head of Department	Designation	National key Performance Areas
Office of the Municipal Manager/ Mayoral Office	Ms SS Ngiba	Municipal Manager	<ul style="list-style-type: none"> • IDP Process • Assessment of the municipality's performance management system • Assessment of whether the municipality performance system complies with the Act • An assessment of the alignment of objective, output and measures • Review of Risk Management Strategy and Framework • Ensuring effective and functional Internal Audit Systems • Youth Development and Empowerment • Community public consultation and ward committees • Communications and municipal branding • Sport management services • Effective and functional war rooms through Operation Sukuma Sakhe programmes • Women, children and people with disabilities empowerment
Department: Corporate Services	Ms P S Mntaka	Executive Director: Corporate Services	<ul style="list-style-type: none"> • Leave Administration • Staff Records and Appointments • Administration of IOD's and Pension Claims • Training Programmes Undertaken and submissions to LGSETA • Employee Study Bursaries • Information Technology – Governance, Security Management, User Access Control, Program Change Management, Services Continuity • Provision Council Support Services • Implementation of Employment Equity Plan • Compliance with National Archives and Records Management Act • Legal Support Services and Contract Register
Department: Community Services	Mr PBB Simelane	Executive Director: Community Services	<ul style="list-style-type: none"> • Collection of Fines Paid • Reconciliation between Samras and Traffman • Fleet Management and Fuel Consumption • Licensing collections • Job Costing and Sundry Services • Hire of Community Facilities and management • Projects and Grant Funding received • Solid Waste Removal • Provision of parks, gardens, cemeteries and creational facilities

Department: Development Planning and Human Settlements	Mr MG Zondo	Acting Executive Director: Development Planning and Human Settlements	<ul style="list-style-type: none"> • Disaster and emergency services • Administration of Land Sales • Administration of Housing Projects • Administration of LED Projects • Town Planning • GIS • Tourism and Museum
Department: Finance	Mr M Hloba	Executive Director: Finance (CFO)	<ul style="list-style-type: none"> • Creditors Run and reconciliation • Long Term Loans Reconciliation • Grants Reconciliation • Fixed Assets Register and Asset Count • Investment and Interest Charged • Inventory / Stock Control • Cash Taking • Banking and Bank Reconciliation • Debtor Processes and Month End Trial Run for Services Rendered • Suspense Accounts; Commitments • Fruitless and Wasteful Expenditure • Journals Processed • Implementation of Indigent Policy • Salary Run, and ACB • Financial System Transaction Listing • Supply Chain Management Process • Contract Payments • Review of Mid-Year and Annual Financial Statements • Review of Mid-term and Annual Budget • Valuation roll and Rates Assessment
Department: Technical and Infrastructural Services	Mr SO Hlatshwayo	Executive Director: Technical and Infrastructural Services	<ul style="list-style-type: none"> • Job costing and Sundry Services • Plan Approvals, Building Inspection and Occupation Certificates • Projects and Grants Funding Received • Floods Management • Maintenance • Project Management
			<ul style="list-style-type: none"> • Job costing and Sundry Services • Maintenance • Electricity loss calculations • Electricity Meter Books, Final Error Report, Meter Changes and Bulk Consumer Accounts • Projects and Grants Funding Received • Project Management

2.3 INTERGOVERNMENTAL RELATIONS

The Municipal Systems Act, No. 32 of 2000 (MSA) Section 3 requires that municipalities exercise their executive and legislative authority within the constitutional system of co-operative governance envisaged in the Constitution section 41.

Before 1994 South Africa had fragmented administrations: this meant that citizens were divided geographically with different population groups living in different suburbs and areas and only a small minority of residents benefited from development. Today South Africa has a unitary, yet decentralised, state with nine provincial governments and more than 283 municipalities.

The Constitution and the new democratic government recognise that the three spheres of government cannot function in isolation. Decentralisation and co-operation is critical to the successful transformation of the state in the coming decades.

The role of local government in Intergovernmental Relations has moved extensively from the symbolism of the past to meaningful interaction of common benefit with far reaching implications for the image of South Africa, and the development agenda at a local government level.

In this regard it has been determined that the growing demands and complexity of South African municipal service-delivery imperatives have impacted significantly on the range and depth of skills and competencies required from within the municipal economy. This has necessitated serious consideration of municipal international relations as an increasingly viable conduit for scarce skills and resources.

2.3.1 NATIONAL INTERGOVERNMENTAL STRUCTURES

The Municipality attends the following meetings on National level:

- SALGA meetings

2.3.2 PROVINCIAL INTERGOVERNMENTAL STRUCTURES

The Municipality attends the following meetings on Provincial level:

- SALGA meetings
- MuniMec Tech
- MuniMec
- Premiers Co-ordinating Forum
- Municipal Managers Forum

2.3.3 DISTRICT INTERGOVERNMENTAL STRUCTURES

The Municipality attends all meetings held on District level.

The Alfred Duma Local Municipality, during the period under review, was involved in the District Technical Advisory Committee (DTAC) co-ordinated by KwaZulu-Natal Department of Co-operative Governance

and Traditional Affairs. The purpose of this committee is to deliberate on performance, monitoring, reporting and evaluation issues in municipalities.

The committee meets once a quarter in a rotational hosting system. The Alfred Duma Local Municipality was represented in all four District Technical Advisory Committee (DTAC) meetings that took place during the financial year 2016/2017.

The meetings were held on the following dates:

Date	Host Municipality	Alfred Duma Local Municipality's Official/s Present
5 August 2016	Okhahlamba Municipality	Ms Nondumiso Sithole and Mrs ND Mwamba
13 December 2016	COGTA Disaster Management Venue- Pietermaritzburg	Mrs ND Mwamba
3 March 2017	Uthukela District Municipality	Ms Nondu Sithole and Mr Ntokozo Ntshingila
3 May 2017	Umzinyathi District Municipality	Ms Nondu Sithole and Mr Ntokozo Ntshingila

2.3.4. INTERDEPARTMENTAL RELATIONS

The municipality established the Interdepartmental Committee where all cross cutting issues affecting municipal departments are discussed. This committee is made up of municipal senior officials from all municipal departments.

The Interdepartmental Committee Meetings were held as follows:

No.	Date of the Meeting	No.	Date of the Meeting
1.	6 July 2016	10.	18 January 2017
2.	20 July 2016	11.	1 February 2017
3.	31 August 2016	12.	1 March 2017
4.	14 September 2016	13.	15 March 2017
5.	5 October 2016	14.	12 April 2017
6.	7 October 2015	15.	26 April 2017
7.	26 October 2016	16.	17 May 2017
8.	9 November 2016	17.	24 May 2017
9.	23 November 2016		

2.4 PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.4.1 PUBLIC MEETINGS

(a) Communication, participation and forums

Public participation in Alfred Duma Local Municipality is done in a structured way. The directive from national government on how community participation should be structured is the ward committee system. Most of the liaison with communities is done through ward committee meetings.

Although ward committees provide for representation of communities on a geographical basis, there are also a number of sector interests not covered by ward committees that play a major role within the municipal area, such as education, business and agriculture. Liaison with and involvement of such sector

groups is therefore also crucial in order to get a full picture of the current reality in our area. Liaison with sector groups is done mainly through the Municipal Stakeholders Forum.

The Municipality also communicates through a well-structured website: www.alfredduma.gov.za

The following community meetings were conducted by ward councillors:

Ward	No. of Targeted Meetings per Annum	No. of Public Meetings Held per Annum	Reasons for not Achieving a Target	Corrective Measures
1	4	2	POE's not submitted to Public Participation	Public Participation must ensure that POE's are forwarded to the office.
2	4	2	POE's not submitted to Public Participation	Public Participation must ensure that POE's are forwarded to the office.
3	4	1	POE's not submitted to Public Participation	Public Participation must ensure that POE's are forwarded to the office.
4	4	2	POE's not submitted to Public Participation	Public Participation must ensure that POE's are forwarded to the office.
5	4	1	POE's not submitted to Public Participation	Public Participation must ensure that POE's are forwarded to the office.
6	4	2	POE's not submitted to Public Participation	Public Participation must ensure that POE's are forwarded to the office.
7	4	8		
8	4	3	POE's not submitted to Public Participation	Public Participation must ensure that POE's are forwarded to the office.
9	4	3	POE's not submitted to Public Participation	Public Participation must ensure that POE's are forwarded to the office.
10	4	1	POE's not submitted to Public Participation	Public Participation must ensure that POE's are forwarded to the office.
11	4	6		
12	4	0		
13	4	3	POE's not submitted to Public Participation	Public Participation must ensure that POE's are forwarded to the office.
14	4	2	POE's not submitted to Public Participation	Public Participation must ensure that POE's are forwarded to the office.
15	4	1	POE's not submitted to Public Participation	Public Participation must ensure that POE's are forwarded to the office.
16	4	4		
17	4	3	POE's not submitted to Public Participation	Public Participation must ensure that POE's are forwarded to the office.
18	4	8		
19	4	10		
20	4	7		
21	4	1	POE's not submitted to Public Participation	Public Participation must ensure that POE's are forwarded to the office.
22	4	4		
23	4	5		
24	4	18		
25	4	6		
26	4	2	POE's not submitted to Public Participation	Public Participation must ensure that POE's are forwarded to the office.
27	4	1	POE's not submitted to Public Participation	Public Participation must ensure that POE's are forwarded to the office.
28	4	19		
29	4	7		
30	4	5		
31	4	19		
32	4	9		

33	4	4		
34	4	2	POE's not submitted to Public Participation	Public Participation must ensure that POE's are forwarded to the office.
35	4	10		
36	4	19		

(b) Ward Committees

Section 152(1) (e) of the Constitution of the Republic of South Africa, read with sections 72 to 78 of the Structures Act, gives a direct mandate to municipalities to encourage the involvement of communities and community organisations in matters of local government and to establish community participatory systems.

Sections 8 (g and h), 9(f) and 72 of the Structures Act, authorise municipalities to establish ward participatory systems as mechanisms to enhance participatory democracy in local government.

A ward committee is an advisory body of the community. A ward committee serves as the official public participatory structure of the Municipality and must as such –

- assist the ward councillor in identifying challenges and needs of the community;
- disseminate information in the ward concerning municipal affairs such as the budget, the integrated development plan (IDP) and service delivery options;
- obtain inputs from residents regarding municipal affairs such as the budget, the integrated development planning and service delivery options;
- receive queries and complaints from the public concerning municipal service delivery; and
- Interacts with other forums and organisations on matters affecting the ward.

Ward committees were established in all thirty six (36) municipal wards after the August 2016 elections. Thereafter much time was spent on induction, specifically on the Rules and Procedures for ward committees, the IDP and budget process.

The following table provides the functionality of Ward Committees per ward during the financial under review:

Ward	No. of Planned Meetings per Annum	No. of Meetings Held per Annum	Reason for Not Achieving Target	Corrective Measure
1	6	2	Induction of ward committees delayed the schedule due to local municipal elections.	
2	6	2	Induction of ward committees delayed the schedule due to local municipal elections	
3	6	2	Induction of ward committees delayed the schedule due to local municipal elections	
4	6	2	Induction of ward committees delayed the schedule due to local municipal elections	
5	6	3	Induction of ward committees delayed the schedule due to local municipal elections	
6	6	2	Induction of ward committees delayed the schedule due to local municipal elections	
7	6	2	Induction of ward committees delayed the schedule due to local municipal elections	
8	6	3	Induction of ward committees delayed the schedule due to local municipal elections	

9	6	2	Induction of ward committees delayed the schedule due to local municipal elections	
10	6	1	Induction of ward committees delayed the schedule due to local municipal elections	
11	6	2	Induction of ward committees delayed the schedule due to local municipal elections	
12	6	1	Induction of ward committees delayed the schedule due to local municipal elections	
13	6	5	Induction of ward committees delayed the schedule due to local municipal elections	
14	6	0	Induction of ward committees delayed the schedule due to local municipal elections	
15	6	2	Induction of ward committees delayed the schedule due to local municipal elections	
16	6	3	Induction of ward committees delayed the schedule due to local municipal elections	
17	6	3	Induction of ward committees delayed the schedule due to local municipal elections	
18	6	1	Induction of ward committees delayed the schedule due to local municipal elections	
19	6	3	Induction of ward committees delayed the schedule due to local municipal elections	
20	6	2	Induction of ward committees delayed the schedule due to local municipal elections	
21	6	1	Induction of ward committees delayed the schedule due to local municipal elections	
22	6	2	Induction of ward committees delayed the schedule due to local municipal elections	
23	6	3	Induction of ward committees delayed the schedule due to local municipal elections	
24	6	4		
25	6	3	Induction of ward committees delayed the schedule due to local municipal elections	
26	6	1	Induction of ward committees delayed the schedule due to local municipal elections	
27	6	2	Induction of ward committees delayed the schedule due to local municipal elections	
28	6	4	Induction of ward committees delayed the schedule due to local municipal elections	
29	6	4	Induction of ward committees delayed the schedule due to local municipal elections	
30	6	0	Induction of ward committees delayed the schedule due to local municipal elections	
31	6	4	Induction of ward committees delayed the schedule due to local municipal elections	
32	6	5	Induction of ward committees delayed the schedule due to local municipal elections	
33	6	6		
34	6	9		
35	6	5	Induction of ward committees delayed the schedule due to local municipal elections	
36	6	4	Induction of ward committees delayed the schedule due to local municipal elections	

YOUTH DEVELOPMENT OFFICE

The Youth Development Office was established in 2011, after young people having made various interventions to conceptualize and advance Youth Development since the dawn of democracy in 1994, a review on Youth Development indicates that despite much effort that has been made the challenges of developing young people's remain mammoth (Huge), the fact that the majority of this young people hail from the previously disadvantage black communities.

The Youth Development Office was launch by the Council of 2011, which see the need of having the Office of young people at Ladysmith, which will champion interests of young people around Alfred Duma Local Municipality. The Youth Development Office is one of those special programmes are within the Mayoral Office. The former Emnambithi/Ladysmith merger with the former Indaka Local Municipality has to spread the scope of work to accommodate the youth of Indaka area.

The activities of the Youth Development Office can be summarised as follows:

- ❖ Lobbying and advocating for integration and mainstreaming of youth development in all spheres of government, the private sector and civil society;
- ❖ Initiating, implementing, facilitating and coordinating youth development programmes within the jurisdiction of the municipality.
- ❖ Monitoring and evaluating youth development intervention across the board and mobilising youth for active participation in civil society engagements.

Main targets are as follows:

- 18-35 years old
- School-aged-out -of- School aged
- Skilled and unskilled
- Youth in Business
- Youth in conflict with law
- Youth heading household
- Youth in Rural Areas
- Young Woman
- Youth with disabilities
- Youth with HIV and Aids

Key Performance Areas are:

- **Local Youth Services and Social Cohesion:**

Where we promote Youth Social Dialog and create opportunities for young peoples to serve their communities through Youth Summit, which always take place every year later November, Youth Day Commemoration in June as the Youth Month and work with all High Schools to deal with learners in schools.

- **Economic Participation:**

We enhanced the participation of young people in the economy through targeted and integrated programs, like in 2016/2017 the Youth Development Office working together with National Youth Development Agency (NYDA) able to assist young people of Alfred Duma Local Municipality to open their own business and conducted Youth in Business workshops which in total has benefited more young people who are currently in a process of financial grant applications, while the Youth development office embarked in an Integrated program with one of the progressive State Owned Enterprise (SOE's) Eskom through an annual fully flashed capacity building training and provided tools of trade. The Youth Development Office in partnership with NYDA has also assisted 2 (two) entrepreneurs who applied for NYDA Grant Funding.

- **Training and Development:**

The Youth development Office promotes, facilitate and provide training and development opportunities to young people in order to enhance their socio-economic wellbeing. The Youth Development office able to award Learning Grant in Aid to **187, with 1 (one) beneficiary from the Office of the Premier** young people to enable them to enrol in all institutions of higher learning within the country, and able to facilitate an annual scholarship program for **three (03)** young people to further their studies has benefited from NYDA (National Youth Development Agency).

The Office has recruited **40** young people who are graduates which is our annual program and it has assisted in ensuring that young people are getting exposed in the working environment. Capacity building Workshop, for Unemployed Graduates and Youth Job seekers, by giving them necessary skills to seek jobs and empower themselves.

- **Youth Advisory and Information Services:**

The Youth Development Office ensures that there is access for youth information about various interventions aimed at improving the living conditions of young people, including information and career guidance services for young people. Since 2016/2017, has assisted more than +6000 young people with access to information such as providing services with internet, career guidance and exhibition, science expo and conduct youth mass meetings, as per the Local Government Municipal Systems Act of 2000, about public participation, the establishment of the youth forums in all 36 wards which are functioning, the Youth development office also facilitates the functioning of 27 Youth NGO's and NP'O's within the municipality and further to that, the Youth development Office hosted Harambee Training and MIC training which assist more than 135 young matriculates and graduates by providing skills development and placed them in different sections in the Municipality, while the office assist more than +2000 young people for CV writings, interviews, internet searching and job applications every year.

PROGRAMMES WITHIN THE YOUTH DEVELOPMENT OFFICE

MONTH	PROGRAMMES	TARGETED PEOPLE	OUTCOME & IMPACT
January	Top 50 Matric Mayoral Excellent Awards	Learners with excellent pass rates	Very positive for the encouragement of learners whom are doing matric to excel on their results.

January	Learners Grant in Aid	Students who applied at Higher Institutions	Its assists students to get access in applying for entry in the Highest Institutions.
February	Back to School Campaign	Disadvantaged High Schools	To create a friendly environment for young people.
February	School Uniform distribution	Learns from disadvantaged homes	To make positive change in the life of a young person
March	Youth Mass Skilling	Graduates	To build skills development on young people who are graduate
April	Career guidance /exhibition	Grade 11s and 12s	Working with the DOE to help learners on how to choose a career.
May	Relaunching of Youth Forums	Youth in Ward based level	Creating forums that will work with all government stakeholders
June	Youth Month	Young people whom are living in the jurisdiction of the municipality	To commemorate to Youth of 1976
July	CAOs and bursary forms distribution	Learners who wishes to attend in Higher Institutions	For easy accessibility of application forms
August	Young women in business and leadership	Young women in business and leadership	To create a platform for growth and development for young women in business and dialog in leadership.
September	Grant in Aid form distribution	Learners who wishes to attend in Higher Institutions	To assist students with registration fees in various institutions.
November	Youth summit	Young people whom are living in the jurisdiction of the municipality	Platform dialog for young people of Alfred Duma Local Municipality

2.4.2 IDP PARTICIPATION AND ALIGNMENT

Section 25 (1) (2) of the Municipal Systems Act, No. 32 of 2000 states that-

- (1) Each municipal council must, within a prescribed period after the start of its elected term, adopt a single, inclusive and strategic plan for the development of the municipality which—
 - (a) links, integrates and co-ordinates plans and takes into account proposals for the development of the municipality;
 - (b) aligns the resources and capacity of the municipality with the implementation of the plan;
 - (c) forms the policy framework and general basis on which annual budgets must be based;
 - (d) complies with the provisions of this Chapter; and
 - (e) is compatible with national and provincial development plans and planning requirements binding on the municipality in terms of legislation.
- (2) An integrated development plan adopted by a municipal council in terms of subsection (1) may be amended in terms of section 34 and remains in force until an integrated development plan is adopted by the next elected council.

Table: IDP Participation and Alignment Criteria

IDP Participation and Alignment Criteria	Yes/No	Reasons for non-compliance
Does the municipality have impact, outcome, input, output indicators?	Yes	N/A

Does the IDP have priorities, objectives, KPIs, development strategies?	Yes	N/A
Does the IDP have multi-year targets?	Yes	N/A
Are the above aligned and can they calculate into a score?	Yes	N/A
Does the budget align directly to the KPIs in the strategic plan?	Yes	N/A
Do the IDP KPIs align to the Section 57 Managers	Yes	N/A
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes	N/A
Were the indicators communicated to the public?	Yes	N/A
Were the four quarter aligned reports submitted within stipulated time frames?	Yes	N/A

2.5 CORPORATE GOVERNANCE

2.5.1 OVERVIEW

The King report listed discipline, transparency, independence, accountability, responsibility, fairness and social responsibility as the seven primary characteristics of good governance. These traits have to be evident in municipal operations from the municipal council at the top to departmental staff at the bottom.

Corporate governance is the system by which municipalities are directed and controlled and is essentially for effective leadership. Leaders need to define strategy, provide direction and establish the ethics and values that will influence and guide practices and behaviour with regard to sustainability performance. The framework of rules and practices ensures accountability, fairness, and transparency in a municipality's relationship with its stakeholders (financiers, customers, suppliers, management, employees, government, and the community).

2.5.2 INTERNAL AUDIT

An Internal Audit (IA) exists within Alfred Duma Local Municipality and provides direction and support to Management, and the Audit Committee. The purpose of internal audit is to provide an independent, objective assurance and consulting services designed to add value and improve the municipality's operations. Furthermore, the IA reports on matters relating to:

- Safeguarding of assets
- Improving Internal Control
- Compliance with laws, regulations, policies, accounting practices and contractual obligations
- Reliability and integrity of information
- Risk and risk management
- Performance Management

2.5.3 RISK MANAGEMENT

MFMA section 62 (i) (c) requires a municipality to have and maintain an effective, efficient and transparent system of risk management.

Risk Management is one of management's core responsibilities according to section 62 of the Municipal Finance Management Act (MFMA) and is an integral part of the internal processes of a municipality. It is a systematic and formalised process to identify, assess, manage, monitor, report and address risks on a continuous basis before such risks can impact negatively on the service delivery capacity of the Alfred Duma Local Municipality. When properly executed risk management provides reasonable assurance that the institution will be successful in achieving its goals and objectives.

2.5.4 ANTI-CORRUPTION AND FRAUD

Legislative Requirements

Municipal Systems Act (MSA) Act no. 32 of 2000, Section 83 (c) requires providers to be chosen through a process which minimizes the possibility of fraud and corruption.

Alfred Duma Local Municipality subscribes to the principles of good corporate governance, which requires the conducting of business in an honest and transparent fashion. Consequently Alfred Duma Local Municipality is committed to fight fraudulent behaviour at all levels within the organisation.

Alfred Duma Local Municipality has the following policy and strategy to respond to fraud and corruption viz. Anti-fraud and corruption strategy and Whistle blowing policy. This policy and strategy has been workshopped to staff members and councillors.

2.5.5 PERFORMANCE MANAGEMENT

Performance Management has been established and is functional. The overall responsibility of the unit is to assist Council members of Alfred Duma Local Municipality in discharging their responsibilities relating to the safeguarding of assets and the operation of adequate and effective systems.

The Municipality has an effective performance management system implemented at top and middle management levels. Service delivery and client service are monitored on a monthly basis and evaluated formally on a quarterly basis. Monthly and quarterly reports are submitted to Council Committees.

2.5.6 BY-LAWS

(a) By-laws Introduced during financial year

Revised	Public Participation conducted prior to Adoption of by-law?	By-law Gazetted?	Date of Publication
Standing Rules and Orders of Council and its committee Bylaw	Yes	Yes	29/06/2017
Cemetery and Crematoria Bylaw	Yes	Yes	29/06/2017
Electricity Supply Bylaw	Yes	Yes	29/06/2017
Fire Brigade Bylaw	Yes	Yes	29/06/2017
Property Rates Bylaw	Yes	Yes	29/06/2017
Waste Management Bylaw	Yes	Yes	29/06/2017
Problem Building Bylaw	Yes	Yes	29/06/2017

Municipal Pound Bylaw	Yes	Yes	29/06/2017
Parking Management Bylaw	Yes	Yes	29/06/2017
Outdoor Advertising Bylaw	Yes	Yes	29/06/2017
Landfill Site (Refuse Disposal) Bylaw	Yes	Yes	29/06/2017
Nuisance and Behaviour in Public places Bylaw	Yes	Yes	29/06/2017
Credit Control and Debt Collection Bylaw	Yes	Yes	29/06/2017
Stormwater Management Bylaw	Yes	Yes	29/06/2017
Spatial Planning and Land Use Management Bylaw	Yes	Yes	09/03/2017

(b) Comments on by-laws

By-laws are passed by the Council to regulate the affairs and the services it provides within its area of jurisdiction. A municipality derives the powers to pass a by-law from the Constitution of the Republic of South Africa, which gives certain specified powers and competencies to local government as set out in Part B of Schedule 4 and Part B of Schedule 5 to the Constitution.

2.5.8 MUNICIPAL WEBSITE- CURRENT YEAR

(a) List of Publications

Municipal Documents Published	Yes/No
Current annual and adjustments budgets and all budget-related documents	Yes
Budget-related policies	Yes
The previous year's annual report	Yes
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act and resulting scorecards	Yes
All supply chain management contracts above a prescribed value (R100 000)	Yes

CHAPTER 3 – SERVICE DELIVERY PERFORMANCE

3.1 BASIC SERVICES

(a) Introduction

During the financial year under review, the Alfred Duma Local Municipality made great strides addressing service delivery backlogs in the urban, rural and township areas.

The Municipality also implemented household electrification project in Burford, 36 connections. The budget amount is R 1 000 000.00 which was funded by the Department of Energy (DoE).

Provision was made from the Municipal Infrastructure Grant (MIG) to fund the following Streetlight Projects.

Street Lighting Projects were implemented in Devaal (Ward 35) and 4 High Mast lights were installed. The budget amount is R 1 500 000.00 Lime Hill (Ward 35) and 4 High Mast lights were installed. The budget amount is R 1 384 386.00. Watersmeet (Ward 16) and 71 street lights were installed. The budget amount is R 3 000 000.00. Mathondwane (Ward 17) and 11 High Masts lights were installed. The budget

amount is R 3 000 000.00. Roosboom (Ward 13) and 77 street lights were installed. The budget amount is R 1 000 000.00. Mawane (24) and 124 street lights were installed, Lucitania (Ward24) and 86 street lights were installed. The budget amount is R 3 000 000.00.

3.1.1 ELECTRICITY DISTRIBUTION

All formal and informal households within the licensed area of electricity supply of Alfred Duma Local Municipality occupying a proclaimed plot has access to electricity and no service backlogs exist in this respect.

Top three electricity service delivery priorities: Electrification, Street lighting, Maintenance and repairs to existing Infrastructure as well as refurbishment of ageing infrastructure.

(1) Upgrading of electrical networks

The annual upgrading project for the renewal, upgrading and refurbishment of electrical networks and associated infrastructure is on schedule and for the 2016/17 financial year, an amount of R2 000 000 was budgeted for refurbishment and a further R 2 000 000 for electricity Renewals. A total of 18 medium voltage switchgears and 400 x streetlight fitting were upgraded.

(2) Compliance with service delivery performance indicators and targets

All performance targets regarding service delivery with respect to availability and reliability of electricity supply were complied with and in certain instances the required targets were exceeded. Whilst in terms of the NERSA license conditions Quality of Service (QoS) specification 100% of all power failure complaints must be attended to within 1.5 hours, the municipality set the target at 100% in restoring its power supply to the end users and for 2016/17 the actual achievement was 100%.

As a result of the allocation of experienced, technically skilled personnel and resources towards revenue protection incorporating data analysis skills, engineering and technical expertise, law enforcement certification as well as negotiation and mediation capabilities, The total technical and non-technical electrical losses was maintained to an acceptable standard of below 10%, which is acceptable to NERSA.

The following table depicts the achievement over time:

Financial Year	Total Energy Losses (%)
2016/2017	8.88%

(a) Households with Access to Level of Electricity

Description	Urban	Non-Urban	Total
Electrification	19333	N/A	19333

(b) Electricity Distribution Objectives

Performance Objectives	Key Performance Indicator	Target	Actual	Comments
General KPIs				
Households with access to basic level of electricity	No. of urban households with access to electricity		19333	

Continuously monitor infrastructure capacity	% of new applications for development on existing erven that can be accommodated			
Ensure development of the master planning with respect to electricity services	Master plan for electricity services developed			Awaiting the Consultant appointed by DBSA.
Maintain energy losses at an acceptable level	% total energy losses (technical + non-technical)	10%	8.88%	Continuous Meter audits and Monitoring to be done
Capital expenditure in line with budget and time frames	% of capital budget spent	100%	100%	Capital projects funded by INEP Grants
EPWP monitoring	Number of work opportunities created during the financial year			
Equal employment opportunity management	No. of employment opportunities applied for appropriate equity appointments			
Operating expenditure in line with budget and time frames	% of operating budget spent	100%	77%	
Risk identification and control implementation	No. of quarterly risk Assessment conducted			
Virement Policy compliance	Not more than 4 variances with respect to any line item on the budget done during the financial year?			
Appropriately monitor and maintain network infrastructure	% Maintenance of substations and lines according to maintenance plan done			
Ensure sufficient income to cover costs	% of expenditure covered by connection income			
Ensure that disruptions are in line with standards	% average compliance of planned disruptions (monthly) (<8 hrs per incident)			

c) Employees: Electricity Distribution

Salary Level (Task Grades)	Posts	Employees	Vacancies
05 - 10	85	81	9
11 - 14	5	5	
15 - 18	3	3	
Total	93	89	9

d) Capital Expenditure: Electricity Distribution

Project	Original Budget	Adjustment Budget	Actual Spent	Total Project Budget
Electrification Burford	R1 000 000.00			R1 000 000.00

Electrification Spandikron & Bongampisi	R5 000 000.00			R5 000 000.00
Electrification Crimin	R4 750 000.00			R4 750 000.00
Electrification Pepworth	R 250 000.00	R1 750 000		R2 000 000.00
High Masts Mathondwane	R 3 000 000.00			R3 000 000.00
High Masts Devaal	R1 384 386.00			R1 384 386.00
High Masts Lime Hill	R1 500 000.00			R1 500 000.00
Street Lighting Lusitania & Matiwane	R3 000 000.00		R2 916 647.53	R3 000 000.00
Street Lighting Roosboom	R1 000 000.00			R1 000 000.00
Street Lighting Watersmeet	R3 000 000.00			R3 000 000.00

e) Financial Performance: Electricity Distribution

Operational Expenditure Type	Original Budget	Adjustment Budget	Actual
Employees	R 11 609 066	R 11 923 514	R 11 832 326
Repairs and Maintenance	R 8 158 243	R 7 810 140	R 6 309 907
Other	R 5 768 859	R 8 631 182	R 5 511 350

f) Overall Comments on Electricity Distribution Performance

Priority of three electrification Largest Electricity Projects: 2016/2017

(1) *Electrification of Burford*

We received INEP grant to the value of R 1,000, 000.00 from DoE for the electrification and 36 households have benefited.

(2) *Electrification of Indaka Villages (Tholeni, Spandikron, Stanford and Limehill)*

We received INEP grant to the value of R 6,500, 000.00 from DoE for the electrification and 355 households have benefited.

(3) *Repairs to Sub stations, Street Lights and Service boxes*

18 x MV Switch gears, 400 x Street Lights and 20 x Service boxes in various Wards (9, 10, 11, 12, 20, 21, 22, 25 and 27)

3.1.2 REFUSE REMOVAL

1. Introduction

A weekly refuse removal service is available for all urban and rural totalling to 33 262 households with access to refuse removal. The challenge for clearing illegal dumping of household refuse are done on a daily basis. Whereas, clearing of illegal dumping of building rubble and garden refuse are removed and disposed monthly at Acaciavale landfill site.

(a) Households Access to Refuse Removals

Number of Households with Access to Refuse Removals	33 262
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(b) Refuse Removal Objectives

Performance Objectives	Key Performance Indicator	Target	Actual	Comments
1 General KPIs				
Access to refuse removals	No. of households with access to weekly refuse removals	33 262	33 262	Refuse removal service is conducted as per schedule.
Management of Landfill Site	No. landfill site managed	1	1	
Clearing of illegal dumping	No. of awareness/ campaigns conducted	61	159	Target over achieved
	No. of school visits conducted	30	34	
	No. of bins installed in the CBD	148	148	Target achieved
	% of illegal dumping cleared	100%	75%	Vehicles/machinery -breakdowns

(c) Employees: Refuse Removal

Salary Level (Task Grades)	Posts	Employees	Vacancies
05 - 10	9	65	9
11 - 14	2	2	1
15 - 18	1	1	
Total	12	68	10

(d) Financial Performance: Refuse Removal

Operational Expenditure Type	Original Budget	Adjustment Budget	Actual
Employees	R 11 229 482.00	R 10 700 705.00	R 10 700 705.00
Repairs and Maintenance	R 40 000.00	R 40 000.00	R 32 570.00

(e) Capital Expenditure: Refuse Removals

Project	Original Budget	Adjustment Budget	Actual Spent	Total Project Budget
Equipment: Refuse Removal	R 4 668 556.00	R 260 000.00	R 4 928 556.00	R 4 928 556.00
Equipment: Refuse bins, traps, skips	R 18 500.00	R 18 500.00	R 18 500.00	R 18 500.00

3.1.3 HOUSING**(a) Introduction**

In terms of the Housing Act of 1997, Housing Code date 2009 and the housing accreditation framework, the Alfred Duma Local Municipality aims to promote, facilitate and develop integrated and sustainable

human settlements. Municipality undertakes to set housing delivery goals, identify and designate land for housing development, initiate, co-ordinate facilitate, promote and enable suitable housing development. As part of the IDP, to take steps to ensure that the residents of its area have access to adequate housing on a progressive basis and conditions which are not conducive to health and safety are removed.

As a contribution to the Housing Sector Plan (HSP), the Municipality is in the process of developing an Integrated Sustainable Human Settlement Plan (ISHSP) that will identify what is required to unlock housing delivery in a particular area of Alfred Duma Local Municipality, identify what other social and infrastructural services would be required to do so in a holistic and integrated manner.

According to Statistics South Africa, Alfred Duma Local Municipality has approximately 41200 households, with a population density of 356 000 people. About 32% citizens' falls within formal dwellings and 12% are home owners/bonded category. The total number of houses need to be constructed are included on the Municipal Housing Sectoral Plan.

(b) Households with Access to Basic Housing: 2016/2017

No. of households with access to basic housing	1469
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(c) Housing Objective

Performance Objectives	Key Indicator	Performance Target	Actual	Comments
1 Compliance Indicators				
Review of Housing Sector Plan	Review of Housing Sector Plan and submit to Council for approval	30 June 2016	30 June 2016	Council has obtained funding for the development of a new integrated housing sector plan and has appointed a service provider to develop the plan which will include the two former municipalities.
Ensure that all new home owners are informed and aware of responsibilities and rights	Number of tenants and home owners training sessions held	1500	3420	The programme is ongoing.
Ensure that housing access is provided in line with planning	Number of top structures completed	200 repairs and 40 rebuilds	341 Rebuilds 25	The contracts have expired on 18 June 2017 and council is engaging the DoHS to appoint a new service provider
Maintain functional structures to address housing issues	Number of housing committee/ site/ technical meetings held	12	12	Housing forums and project steering committee meetings are being held regularly.

Provide an effective and client orientated housing service	% of contractors paid within 30 days from receiving a certified invoice	Funding with DoHS	Funding with DoHS	Funding with DoHS
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(a) Employees: Housing Services

Salary Level (Task Grades)	Posts	Employees	Vacancies
05 - 10	18	8	10
11 - 14	5	1	4
15 - 18	3	3	Nil
Total	26	12	14

(b) Financial Performance: Housing Services

Operational Expenditure Type	Original Budget	Adjustment Budget	Actual
Employees	R 3 024 381.00	--	R 3 024 381.00
Repairs and Maintenance	R 1 000.00	--	R 1 000.00
Other			

(c) Capital Expenditure: Housing Services

All funding for housing projects is paid directly by the Department of Human Settlements to the Implementing Agents.

HOUSING RECTIFICATION PROJECT

Council is currently in negotiations with the department of Human Settlements for additional funding to complete the Housing rectification projects. The Department of Human settlements had already indicated that they will no longer support Housing rectification programmes. Upon approval of the additional funding the projects will be finalised.

This has had a negative impact on the performance of the Human Settlements Section.

NEW HOUSING PROJECTS

Council has advertised 14 new housing projects. Council has finalized the appointment of the Implementing Agents and they have commenced with the prefeasibility studies for the projects and it is anticipated that the submissions will be made to the department of Human settlements during the course of the current financial year.

PROJECT NAME	NUMBER OF UNITS	AREA	PROPERTY DESCRIPTION	LEVEL OF SERVICES
Acaciavale Phase II Housing Project.	1000	Ladysmith	Rem /1 Ladysmith	Services in close proximity
Roosboom Housing Project.	1000	Roosboom	1102/437	Water main line
St Chads Housing Project.	500	St. Chads	1185	Services in close proximity
Limithill 200 Housing Project.	200	Ladysmith	1115/4	Services in close proximity

Shayamoya Phase III Housing Project.	321	Ladysmith	Various erven	Fully serviced
Ezakheni 1000 units Housing Project.	1000	Ezakheni E	12840	Services available
Colenso 4000 units Housing Project. (Four (4) IA awarded 100 units) each	4000	Colenso	Erven 952, 152/1, 152/0	Services in close proximity
Ezakheni C 150 Housing project	150	Ezakheni C	Erf 661 & 365	Services in close proximity
Colenso 100 Units	100	Colenso	152/2 and 152/R	Services in close proximity
Acaciavale 250 units housing project	250	Ladysmith	250	Fully serviced
Acaciavale Phase 1 Housing Project	1000	Ladysmith	1115	Water and Sewer in close proximity
Stimela D Housing project	400	Ezakheni D	Erven to	Fully services
Besters Housing project	1500	Besters (various farms)	Various farms	Boreholes , will require additional boreholes
Mthandi Housing project	500	Pieters	1186/15 12840/24	Stand pipe water
Cremin Housing Project	500	Trek Boer farm		boreholes
Ezakheni D Community Residential Units	150	Ezakheni D	Erf 1932	served

PROJECTS AT STAGE ONE APPROVAL

PROJECT NAME	WARD	UNITS
SOMSHOEK/SKOKO GO BIG CONSTRUCTION	31	1000
FITTPARK SETHEO ENGINEERING	28	1000
VAALKOP AMEHLO ESIZWE DEVELOPMENT	32	1000
KWAJWILI/NCAMA UKHASI CONSTRUCTION	31	1000
NAZARETH MKHOMBE CONSTRUCTION	32	1000
KWASHUZI TSHWARA THEBE	28	1000
UMBULWANE AREA H	9	505

STORM DAMAGED HOUSING PROJECTS

The Storm Damaged Housing project which was approved in August 2013 was allocated additional funding for the appointment of a Project Management team to oversee the project on behalf of Council, construction of temporary structures, and the funding for the repairs was increased from R19 990 to R63 666.00, the subsidy quantum for the rebuilds was increased from R63 666.00 to R86 400.00 per unit.

The IA's have completed 1401 house repairs within the Storm damage Project for the said period and 68 new houses were constructed. The contracts of the IA's have expired and council is in the process of advertising for new Implementing Agents.

LAND SALES

During the 2016/17 financial year 72 properties were offered for sale by public bid. 20 Bids were awarded by the Bid Adjudication Committee. 10 Sale agreements were concluded successfully within the financial year with a value of R4 410 000.00.

LEASE AGREEMENTS

Council entered into 11 lease agreements with community members wishing to utilise council land for various activities and 4 caretakership agreements were concluded.

3.1.4 FREE BASIC SERVICES AND INDIGENT SUPPORT

(a) Free Basic Services to Low Income Households

Service Name	No. of Households
Electricity Distribution	19944
Refuse Removal	33262

(b) Financial Performance: Cost to Municipality of Free Basic Services Delivered

Operational Expenditure Type	Original Budget	Adjustment Budget	Actual
Electricity Distribution	R3 657 720	R8 450 172	R7 308 611
Rates Services	R10 951 453	R4 599 610	R462 990
Refuse Removal	R8 061 641	R3 385 889	R125 592

The following services are subsidised to indigent households:

- 50kWh electricity
- refuse removal
- property rates payable in respect of the premises in question are limited to a maximum amount calculated at the tariff

3.2 ROAD TRANSPORT

3.2.1 PROCLAIMED ROADS, STREETS AND STORM WATER

(a) Introduction

ROADS

The road network in Alfred Duma Local Municipality comprises 586.69km of gravel roads and 305.360km of permanently surfaced roads. Block paving are 13.31km and 2.7km of unclassified roads.

Addressing the backlog in gravel roads remains a major focus area. For the next financial year, Alfred Duma Local Municipality has taken a strategic decision to increase the spending on infrastructure maintenance.

The Municipality has prepared Five (5) year maintenance plans for the Road Infrastructure and approximately R350 Million is required.

The Gravel Road Maintenance Plan involves working one month per annum in each of the municipal wards to address backlogs and maintain existing gravel roads. Roads are constructed in-house making use of Council's plant and equipment's.

Disruptions to the programme are encountered due to equipment aging and skills shortage however annual targets are always met.

In terms of tarred roads, potholes are patched, base failures are repaired preventive maintenance is undertaken in terms of chip and spray, slurry seal and overlays.

Storm water systems are maintained using high pressure jetting and there is a programme in place for cleaning of drains, addressing damaged catch pits, repairing kerbs and channels etc.

STORMWATER

The storm water drainage network in urban areas in the Alfred Duma municipal area comprises a piped system and open drainage channels. The drainage system is in a fair condition with some instances of poor conditions. There are still some areas where there are no formal drainage networks and this causes flooding during summer.

The upgrading of roads however contributes to the addressing of this backlog as storm water drainage is installed together with the construction of roads. This will be completed in the next financial year through Disaster Recovery Grant received from COGTA.

The misuse of the storm water system remains a matter of concern. Blockages that cause flooding regularly occur due to alien matter entering drainage pipes. Maintaining and cleaning the system is an ever increasing expense and effort.

(a) Kilometres Gravel Road Infrastructure

New Gravel Roads Constructed	Gravel Roads Upgraded To Tar	Gravel Roads Graded /Maintained
61.955	8.05km	90km

(b) Kilometres Tarred Road Infrastructure

New Tar Roads	Existing Tar Roads Re-tarred	Tar Roads Maintained
8.05km	16.8km	0

(c) Kilometres Storm water Infrastructure

New Stormwater Measures	Stormwater Measures Upgraded	Stormwater Measures Maintained

0.215 km	0	738 Catch pit replaced
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(d) Cost of Construction/Maintenance - Roads

Gravel - Tar	Gravel Maintained	Tar New	Tar Maintained
R14 903 574.29	R8 150 249.00	R 14 903 574.29	R25 548777.06

(e) Cost of Construction/Maintenance – Storm water

New Stormwater Measures	Upgraded Stormwater Measures	Maintained Stormwater Measures
R 2 335 517.44	0	R 2 284 911.90

(f) Streets and Storm Water Objectives

Performance Objectives	Key Performance Indicator	Target	Actual
Maintain current condition of gravel roads and storm water	Kilometres of roads and storm water maintained	12	12
	Amount allocated for roads and storm water in terms of depreciated value of assets made available on the annual budget for upgrading and refurbishment	R 15 954 050.05	R16 342 839.64
		R6 448 000.00	R5 020 624.96

3.3 PLANNING AND DEVELOPMENT**3.3.1 INTRODUCTION**

This municipality has approved its new Spatial Development Framework (SDF). This document sets out broad principles for future developments, as well as where such developments can take place within the demarcated urban boundaries of all areas.

All land use planning applications being evaluated against the broad principles before recommendations for decision making be made.

3.3.2 PLANNING, VALUATIONS AND BUILDING CONTROL

The main elements of our planning strategies lies in spatial planning and land use management principles. Both these documents have been completed and can easily be used in evaluating development applications. All land use applications whereby the total process is an internal one and whereby no objections have been received within the public participation are finalised within 90 days in accordance with the Alfred Duma Bylaw. It is the duty of the applicant to ensure that all applications are SPLUMA Compliant and are done in accordance with the Spatial Planning and Land Use Management (SPLUMA) by-laws.

With regards to building control a performance indicator of 30 days has been set to finalise and/or approved building plans.

The Town Planning Section assists the Building Control Section to such an extent that all town planning matters are clarified before building plans are officially submitted to the Building Control Division.

(a) Applications for Built Environment

	Subdivision	Zoning	Building Plans
Application Category	Current Year	Current Year	Current Year
Planning application received	3	5	285
Applications outstanding at year end	0	1	39

(b) Planning, Valuation and Building Control Objectives

Performance Objectives	Key Performance Indicator	Target	Actual	Comments
1. Compliance Indicator				
Apply conditions of land use approval during implementation of projects	Number of non-compliance	100	90	N/A
Implementation of action plans (SDF)	Agree on programmes, timeframes and costs and refer to budget prioritisation	100	100	N/A
Ensure implementation of the Spatial Development Framework	SDF reviewed annually by end of June?	100	100	N/A

(a) Employees: Planning, Valuation

Salary Level (Task Grades)	Posts	Employees	Vacancies
05 - 10	06	02	0
11 - 14	03	02	1
15 - 18	03	01	0

(b) Employees: Building Control

Salary Level (Task Grades)	Posts	Employees	Vacancies
05 - 10	Admin Clerk and Junior Building Inspector	2	Nil
11 - 14	Building Inspector	2	Nil
15 - 18	Manager Building Control	1	Nil

(c) Financial Performance: Building Control

Operational Expenditure Type	Original Budget	Adjustment Budget	Actual
Employees	R1 682 821	R1 386 839	R1 441 180
Repairs and Maintenance	R1 060	R0	R0

(d) Comments on Planning, Valuations and Building Control overall

PLANNING

The Department of Development Planning and Human Settlement: Town Planning Section has worked tirelessly in trying to rationalize planning systems and procedures in order to respond to challenges currently faced by the community. The department has worked relentlessly in ensuring that the Alfred Duma Local Municipality becomes SPLUMA compliant in accordance with the new national requirements. The town Planning Unit has recently seen the emergence of Alfred Duma Local municipality which has

been the result of a merger between the previous Indaka Local Municipality and Emnambithi Local Municipality. The Alfred Duma Municipality now has a bigger area of jurisdiction hence more challenges with service delivery and the implementation of Local Plans across a larger area.

To protect agricultural land and the environment and promote socio-economic development in rural areas a Scheme for Rural areas and Land Use Management Policy for rural areas was also developed. The Section has reviewed the Spatial Development Framework in-house and has developed a demarcation plan for informal traders and design appropriate structures for informal trading. The Town Planning Unit has recently received grant funding of R1 000 000 from the Department of Cooperative Governance and Traditional Affairs in order to prepare the Land Use Scheme for the entire municipality. This new scheme will be SPLUMA Compliant and ensure that land use management in the municipality is more legible and comprehensive.

In preparation for the implementation of the recently enacted Spatial Planning and Land Use Management Act the Municipality has adopted Spatial Planning By-laws, amended its delegations register and appointed an authorised official to make decisions on planning and development applications amongst other things.

3.3.3 LOCAL ECONOMIC DEVELOPMENT

(a) Introduction

Vision

The vision of the Local Economic Development Section of the Alfred Duma Local Municipality is to develop a people focused and cost effective municipality, providing quality services, while addressing unemployment and poverty through promotion of Agriculture, Commercial and Industrial productivity, Education, Skills Development, Tourism and Conservation.

Mission

The mission of the Local Economic Development Section of the Alfred Duma Local Municipality is to ensure community participation in all projects, improve the skills of community members, strive for financial viability, provide sustainable services and promote Local Economic Development.

The Alfred Duma Local Municipality's Local Economic Development (LED) core function is to facilitate economic development and growth initiatives through a number of projects within a cross-cutting programs to maximize the utilization of limited resources.

These programs are Sector Based (Vertical) and Generic (Horizontal) in nature.

LED Programs

- The Sector Based Programs
 - (a) Agriculture
 - Crop Production
 - Stock Production
 - Economic Infrastructure Support / Interventions
 - (b) Construction
 - (c) Services
 - (d) Manufacturing- Green Business and Waste Recycling- Clothing & Textile
- The Generic / Horizontal Programs
 - (a) Informal Economy Development

- (b) Cooperatives Development
- (c) Social Enterprise Development
- (d) SMME Development
- (e) Industrial Promotion / Business Retention and Expansion Program
- (f) Policy Development

(b) Jobs Created by LED Initiatives (Excluding EPWP projects)

Description	Jobs Creation	Jobs Lost
The LED provides support to SMME's and co-operatives through formalisation, start-up grants, marketing, training / incubation. The support leads to operational SMME's and co-operatives which leads to job creation.	105	N/A

(c) Job creation through EPWP projects

No. EPWP Projects	No. of Jobs Created

(d) Local Economic Development Policy Objectives

Performance Objectives	Key Performance Indicator	Target	Actual	Comments
2. General KPI				
General KPI: Jobs created through municipality's LED initiatives including capital projects	Number of jobs created through Municipality's capital projects	150	105	The number of jobs reflected here is only for LED. The Sections budget was cut by more than 50% hence the units within LED couldn't provide the financial support required by the SMME's. Only non-financial support was provided and that did not contribute towards job creation.
3.				
Assist new businesses to establish in the area	No. of new businesses persuaded		8	<ul style="list-style-type: none"> • Essen Medical Centre • Sack Force Potato Bag Factory • Cambridge Foods • Superspar • Checkers Hyper • Total Garage • Hopewell Furniture's • Afrisam extension
Complete LED strategy and action plan and align to the District wide competitiveness project	Date of Adoption 30 June 2017	Final LED Strategy to be adopted by Council on 30 June 2017	Inception Report Situational Analysis Currently conducting consultations with	The poor response from the identified stakeholders to participate in the LED Strategy Review is what caused the delay in the compilation of the final strategy. However the final document is expected to be

			various stakeholders	finished at the end of August 2017.
LED fund management	92% of the LED funds spent on project funding	100	92.4%	
Cooperative Development	Ladysmith Waste Recycling project:	To establish waste recycling project in Ladysmith	The construction of centre to be utilised for 4 waste recycling centres was completed. An additional loan facility of 18 Million was secured for Sisonke Secondary Cooperative to kick start the project. The baling machine for the main centre has been procured by SEFA.	The project is scheduled to commence in the 1 st quarter of 207/2018
Cooperative Development	Ward Based Cooperative Programme	To host Ward Based Programme in 36 wards of the Municipality	Ward Based Co-operatives and SMMEs is the strategic planning workshop resolved in promoting SMMEs and Co-operatives to be part of the second economic mainstream in order to address poverty, unemployment and inequality. To build a vibrant business sector this will include institutionalisation of Township businesses for self-reliance, self-efficiency and Township economy. Workshops, SMMEs and Cooperative were workshop on the various issues regarding	

			establishment, registration of businesses and support that can be obtained from various government department	
Catalytic Project	Ladysmith Airport	Upgrading of the existing aerodrome to a regional airport and construct associated facilities.	<p>The study done by the Crack Team consultants shows that an amount of R9 Million is needed to bring the Airport up to speed and to the required standard.</p> <p>Funding of 2 million was secured from EDTEA to assist in the development of the airport.</p> <p>A Lease Agreement was signed with a tentative private investor (Jet Vision) for the development of the Airport in December 2016 subjected to performance standards and requirements.</p>	<p>1. Plans are underway to utilise this grant funding to resurface the runway at the airport. In terms of the designs and layout plan drafted by the Crack Team as per attached item. There is a deficit balance of 6 Million for the lights and 4 Million for the resurfacing of the runway.</p> <p>Discussion is also underway to include a Land portion previously attached to Baydrive Company back to Alfred Dum Local Municipality for it to be utilised for the purposes of Airport in compliance with the Civil Aviation Authority.</p>
Informal Economy	Training of Retailers	26	26 businesses were trained in Business Management, Financial Management and also the facilitator assisted the retailers to make bulk purchases from TFS	1.

(e) Comments on Local Economic Development overall

The Second phase of transition has put Economic Development at the centre stage of reducing the inequalities, unemployment and poverty in terms of building inclusive economy through investment to strategic economic infrastructure and transformation. This profound mandate for it to be practical need support in financial material terms as well as non-financial pragmatic approach within the existing laws and long term thinking.

3.4 COMMUNITY AND SOCIAL SERVICES

3.4.1 FUNCTIONALITY AND SUSTAINABILITY OF COMMUNITY SERVICE CENTRES

(a) Introduction

The Alfred Duma Local Municipality has 5 (five) Community Services Centres (CSC) in the St Chads, Roosbom, Watersmeet, Ekuvukeni and Driefontein areas. Large numbers of people from these previously under-served communities make use of these facilities to access government and other related services. The location of the mini library at the Watersmeet CSC is one the municipality's highlights as it now has a Wi-Fi HOT SPOT.

Most municipal, sector department and non-profit organisation programmes that positively impact on these communities take place in these centres allowing local citizens to access services easily while saving on transport costs.

(b) Employees: Functionality and sustainability of Community Services Centres

Salary Level Posts	Employees	Vacancies
05 - 10	1 x permanent at Task Grade 10 and 6x general worker posts currently occupied by job creation workers	1

(c) Financial Performance: Community Services Centres (CSC)

Operational Expenditure Type	Original Budget	Adjustment Budget	Actual
Employees	R 374 549.28	NIL	R 374 549.28
Repairs and Maintenance	R 200 000.00	NIL	R 200 000-00
Other	NIL		

(d) Comments on the performance of Community Service Centres overall

- The Section's main objective is to improve and sustain functionality of the CSC's by among other tasks focusing on the building maintenance, quality utility infrastructure provision and maintenance, provision of safety and security etc.
- The section aims in to attract and invite sector departments, non-profit making organisations and bossiness sector to lease office space to provide amongst others :
 1. Government social and administrative services
 2. Office services
 3. Education skill development services
 4. Local Economic Development (LED) services
 5. Business services and community opportunities
 6. Information and communication activities
- Branding and marketing of community and social services available at the centre.

- An average of 5 000 people per month benefit from various service providers including the Central Chronic Medication Distribution Dispensary (CCMDD), Post Office, Home Affairs, SASSA, Labour and Youth Centre amongst others.

3.4.2 LIBRARIES

(a) Introduction

The Alfred Duma Local Municipality has six (6) libraries in its area of jurisdiction i.e. located in Ladysmith, Agra-Crescent, Colenso, Steadville, Ekuvukeni and Ezakheni operate from Monday to Saturday.

(b) Libraries Objectives

Performance Objectives	Key Indicator	Performance Target	Actual	Comments
1 Compliance Indicators				
Protect library material through consumer training	Number of annual consumer training programmes	22	22	The program is based on the demand from schools
Improving Membership	Number of new membership	800	1104	
	Number of school visits conducted	25	105	

(c) Employees: Library Services

Salary Level (Task Grades)	Posts	Employees
03 - 10	6 x permanent on Task Grade 3, 13x permanent on Task Grade 6, 3 x permanent on Task Grade 7 and 5 x permanent on Task Grade 10	27
11 – 14	1x permanent on Task Grade 12	1
15 – 18		
Total	28	28

(d) Financial Performance: Library Services

Operational Expenditure Type	Original Budget	Adjustment Budget	Actual
Employees	R7 725 092	R8 074 898	R8 253 473
Repairs and Maintenance	R265 000	R106 016	R67 207
Other	R3 586 017	R2 160 930	R1 447 309

(e) Capital Expenditure: Libraries

Project	Original Budget	Adjustment Budget	Actual Spent	Total Budget	Project
Equipment: Libraries	Nil	Nil	Nil	Nil	

3.5 ENVIRONMENTAL PROTECTION

3.5.1 OCCUPATIONAL HEALTH AND SAFETY (INCLUDING POLLUTION CONTROL)

(a) Promote a clean and healthy environment

To address all health complaints and applying the By-Law relating to the prevention and suppression of nuisances– and ensure that all identified erven in urban areas are complaint.

Pest control– only on municipal premises as well as an Annual Pest Control programme where we deal with crawling insects as well as rodents in the municipal storm water drain system.

3.6 SAFETY AND SECURITY

3.6.1 TRAFFIC AND LAW ENFORCEMENT SERVICES (INCLUDING LICENCING AND REGISTRATION SERVICES)

(a) Introduction

Road safety programs assist motorists and pedestrians to act proactively and to change negative behaviour towards road safety. The risk of accidents was reduced through visibility and road safety educational programs.

(b) Traffic Policing and By-law Enforcement

Category		Current Year Actual Number
Number of law-enforcement officers in the field on an average day		27
Number of law enforcement officers on duty on an average day		27
Number of by-law infringements attended	Stray Animals	198
	Notices Issued	356
	Complaints	77
Number of road traffic accidents during the year (Ladysmith, Steadville and Ezakheni Areas)		1539

(c) Traffic Policing and By-law Enforcement Policy Objectives

Performance Objectives	Key Indicator	Performance Target	Actual	Comments
Compliance Indicators				
Provide an effective traffic and law enforcement service	Number of vehicle check points held per annum	600	1011	Target Achieved for Vehicle Check points to enable law enforcement and increase safety as well as prevent loss of life.
	Number of by-law operations held	Ongoing	18	Awareness operations were held to in respect of educating the community regarding by-laws and their responsibilities in respect of compliance.
	Number of roadblocks held per annum	12	24	Target Achieved for planned Road Blocks with SAPS, RTI or other role players to

Ensure proper monitoring of the Client Service Charter	% of motor registration and licensing cases handled within a required time frames	100%	100%	enable law enforcement and increase safety as well as prevent loss of life. This section consists of testing of candidates for learners and drivers Licenses to determine their proficiency and issuing of law enforcement and is subject to the supply vs. demand concept of the community.
Report to council regularly	Monthly report submitted?	Monthly	Yes	Monthly reports are submitted

(d) Employees: Law Enforcement Officers

Salary Level (Task Grades)	Posts		Employees		Vacancies	
	By-Law	Traffic	By-Law	Traffic	By-Law	Traffic
05 - 10	4	22	4	20	0	2
11 - 14	1	4	1	2	0	2
15 - 18						
Total	5	26	5	22	0	4

(e) Financial Performance: Law Enforcement Officers

Operational Type	Expenditure	Original Budget	Adjustment Budget	Actual
Employees (Salary Paid)		R 15 646 261.98	R 15 646 261.98	R 15 610 720.15
Income Received		R 10 827 114.88	R 10 827 114.88	R 10 802 930.30
Repairs and Maintenance		R 4 370.00	R 4 370.00	R 2 461.08
Other (Vehicle Expenses)				

(f) Capital Expenditure: Law Enforcement Officers

Project	Original Budget	Adjustment Budget	Actual Spent	Total Project Budget
Nil	Nil	Nil	Nil	Nil

3.6.2 FIRE FIGHTING SERVICES**(a) Introduction**

Alfred Duma Local Municipality has a Fire Fighting Service consisting of **five (5)** full time fire officers and **Twenty (20)** working on fire-trained staff. The top service delivery priorities for the year under review were:

- Preventing the outbreak or spread of fires
- The saving of lives and property
- To react rapidly with the available resources to extinguish reported fires.

During the year under review, the Alfred Duma Fire Service reacted to **one hundred and five (105)** fires and **twenty-one (21)** other incidents within the average turnout time especially within urban areas.

The service delivery within the rural areas is still challenging.

Category	Current Year Actual Number
Total fires attended in the year	105
Average turnout time - rural areas	30 Minutes
Average turnout time - urban areas	15 Minutes
Total of other incidents attended in the year	21

It should be noted that the high amount of incidents for 2016/2017 Financial Year was due to a series of disaster related (storm damage) events that took place within that period.

(b) Fire Service Policy Objectives

Performance Objectives	Key Performance Indicator	Target	Actual	Comments
Compliance Indicators				
Communicate Disaster Management Plan with relevant role-players	Number meetings held	1	1	Disaster Management Plan was perused and reviewed for adoption by the KZN 238 Merged municipality during Change Management Committees
Compilation and annual review of the Disaster Management Plan	Compilation completed by 30 th June 2017	30 th June 2017	Currently being processed for adoption through Council Workshop and then to Council	Plan will be reviewed and workshopped with Councillors
Provide a quality firefighting service	Monthly inspection of vehicles and equipment done?	Monthly	Yes	This is done on a bi-weekly basis as well as during random inspections.
	Number of vehicles not operational for more than 5 days during the month	0	0	This is checked on a bi-weekly basis as well as during random inspections.
	Complaints not sufficiently addressed within 5 days regarding firefighting services	0	0	All complaints were sufficiently addressed within 5 days.
Reduce fire risks through continuous public awareness	Number of educational/awareness campaigns	30	48	Road Safety Lectures were also presented at schools within Alfred Duma Local Municipality across all 36 wards

(c) Employees: Fire Services

Salary Level (Task Grades)	Posts	Employees	Vacancies
05 - 10	4	4	
11 - 14	4	2	2
15 - 18			
Total	8	6	2

(d) Financial Performance: Fire Services

Operational Expenditure Type	Original Budget	Adjustment Budget	Actual
Employees (Salary Paid)	R 3 551 098.24	R 3 551 098.24	R 3 696 792.75
Income Received	R 179 866.34	R 179 866.34	R 252 250.15
Repairs and Maintenance	R 7 632.00	R 7 632.00	R 7 425.93
Other (Vehicle Expenses)			

(e) Capital Expenditure: Fire Services

Project	Original Budget	Adjustment Budget	Actual Spent	Total Project Budget
Emergency Centre Ezakheni – Ward 5	N/A	N/A	N/A	N/A

(f) Comments on the performance of fire services overall

The available resources are used to do the best we can to safeguard the community and to respond rapidly to any fire.

3.6.3 CIVIL PROTECTION (INCLUDING DISASTER MANAGEMENT)**(a) Introduction****(b) Civil protection (including disaster management) objectives**

Performance Objectives	Key Performance Indicator	Target	Actual	Comments
Compliance Indicators				
Annual review of Disaster Recovery Plan	Compilation completed and adoption for the new merged Municipality to be processed before 30 th June 2016	30 th June 2017	Currently being processed for adoption through Council Workshop and then to Council	Plan will be reviewed and workshopped with Councillors

(c) Financial Performance: Civil protection (including disaster management)

Operational Expenditure Type	Original Budget	Adjustment Budget	Actual
Employees	N/A	N/A	N/A
Repairs and Maintenance	N/A	N/A	N/A
Other	N/A	N/A	N/A

3.7 COMMUNITY AND SOCIAL FACILITIES AND SERVICES

3.7.1 PARKS, RECREATIONAL AREAS, SWIMMING POOLS AND CEMETERIES

(a) Introduction

Alfred Duma Local Municipality maintains and provide access to 14 sports facilities and 7 public swimming pools. These facilities cater for a variety of sporting codes including soccer, netball, swimming, cricket, rugby, tennis and volleyball. Theft of assets and vandalism of facilities is an area of major concern and constant security is required as a mitigation measure. Unfortunately full time security cannot be provided at all facilities due to the operational cost implications. The cost of the operation and maintenance of sport facilities remains a challenge as sport facilities at the previously under serviced (rural) areas do not generate enough income to cover the operation and maintenance expenditure. The other issue that requires additional funding is the sports infrastructure projects e.g. (E- Section swimming pool, Kwa Hlathi, Jonono and Nazareth sports fields) that were not finalised in terms of completion therefore presents a challenge in terms of maintenance and provision at this stage.

The Municipality provides burial services and maintenance to 5 cemeteries (established in terms of the KZN Cemetery and Crematory Act) as well as other cemeteries in the previously under serviced wards.

(b) Parks and Recreational Areas and Swimming Pools Policy Objectives

Performance Objectives	Key Performance Indicator	Target	Actual	Comments
Compliance Indicators				
To maintain and provide access to sports and recreation facilities and promotion of healthy life style within the area of the Municipality jurisdiction	Number of recreational parks	7	8	Mkhamba, E- Section and C1- Section Parks are maintained but not yet accessed by the public as they are at the final stage of completion.
	Number of multi-purpose sports fields	14	12	Nazareth and Kwa Hlathi multi-purpose sports facilities not yet completed in terms of infrastructure
	Number of swimming pools	7	7	The E- Section swimming pool is maintained only due additional scope of works
	Gym facilities	3	2	The E- Section Park outdoor facility not yet open to the public pending the final phase of completion of the park

(c) Employees: Parks and Recreational Areas and Swimming Pools

Salary Level (Task Grades)	Posts	Employees	Vacancies
03 - 10	42 x permanent and 151 x job creation	15	1 x Task Grade 7
11 - 14	3 x permanent		1 x Task Grade 12
15 - 18			1 x Task Grade 16
Total	196	15	3

(d) Financial Performance: Parks and Recreational Areas and Swimming Pools

Operational Expenditure Type	Original Budget	Adjustment Budget	Actual
Employees	R14 686 111	R15 587 598	R15 691 446
Repairs and Maintenance	R4 967 810	R4 690 810	R707 315
Swimming pools	R350 000	R350 560	R323 380
Cemeteries	R300 000	R128 000	R114 042

(a) Comments on the performance of sport, parks and recreational areas and swimming pools overall

The section is battling rampant and alarmingly growing levels vandalism in most facilities, shortage of admin and skilled staff as well as funds for maintenance, current drought conditions and water restrictions have a negative impact on the maintenance.

3.8 CORPORATE POLICY AND OTHER SERVICES**3.8.1 ADMINISTRATION CIVIL ENGINEERING SERVICES****(a) Employees: Civil Engineering Services**

Salary Level (Task Grades)	Posts	Employees	Vacancies
05 - 10	NIL	60	NIL
11 - 14	3	11	NIL
15 - 18	NIL	4	NIL
Total	3	75	NIL

(b) Financial Performance: Civil Engineering Services

Operational Expenditure Type	Original Budget	Adjustment Budget	Actual
Employees	R 34 542 149	R 30 583 962.64	R 29 491 462
Repairs and Maintenance	R 26 509 837	R 26 204 315	R 16 908 684.96

3.8.2 ADMINISTRATION CORPORATE SERVICES

Performance Objectives	Key Performance Indicator	Target	Actual	Comments
General KPI's				
% of the budget spent on Implementing the workplace skills plan	% of the municipality's salary budget actually spent on implementing its workplace skills plan	R1 500000.00	R1 497 407.30	Target met
People from employment equity target groups employed	Number of People from previously disadvantaged group appointed in the three highest positions in terms of the Municipality's approved Employment Equity plan	8	7	Could not find suitable qualified candidate

(a) Employees: Corporate Services

Salary Level (Task Grades)	Posts	Employees	Vacancies
05 - 10	46	44	2
11 - 14	18	17	1
15 - 18	4	4	0
Total	68	65	3

(b) Capital Expenditure: Corporate Services

Project	Original Budget	Adjustment Budget	Actual Spent
Employees	R 21 575 167	R 22 599 771	R 23 509 132
Repairs and Maintenance	R 22 316	R 11 030	R 5 480.61

3.8.3 ADMINISTRATION DEVELOPMENT SERVICES**3.8.4 ADMINISTRATION ELECTRICAL ENGINEERING SERVICES**

See paragraph 3.1.3 ELECTRICITY DISTRIBUTION.

3.8.5 ADMINISTRATION FINANCIAL SERVICES**3.8.6 ADMINISTRATION OFFICE OF THE MUNICIPAL MANAGER****3.8.7 ADMINISTRATION PROTECTION SERVICES****3.8.8 SECRETARIAT AND ARCHIVES****(a) Introduction**

The secretariat and archives division renders a comprehensive and effective administrative support function regarding secretariat services, ward committees and archives and records activities to support the recording, updating, circulation and maintenance of information to, from and within the municipality.

During the year under review, the following number of Council meetings were held:

Structure	No. of Meetings
EXCO	10
Special EXCO	5
Council	10
Special Council	2
Community Safety Services Portfolio Committee	10
Special Community Safety Portfolio Committee	0
Development, Planning & Human Settlements Portfolio Committee	10
Special Development, Planning & Human Settlements Portfolio Committee	0
Finance Portfolio Committee	9
Special Finance Portfolio Committee	1

Infrastructure Portfolio Committee	10
Special Infrastructure Portfolio Committee	0
Social Service Portfolio Committee	10
Special Social Service Portfolio Committee	0
Support Service Portfolio	10
Special Support Service Portfolio Committee	0

(b) Secretariat and Archives Objectives

Performance Objectives	Key Performance Indicator	Target	Actual
Adequately distribute all incoming correspondence	% of incoming mail referred within 48 hours	48 hours	48 hours
Appropriately manage the filing system	Annual adoption of Municipal File Plan by 30 June 2017	30/06/2017	25/05/2017
Ensure an effective secretariat service to Council, Mayoral Committee and ward committees	Distribution of agendas within a stipulated timeframe	Five (5) calendar days prior to the actual date of the meetings and two (2) calendar days prior to a special meeting	5 days in most cases - exceptions less than the rule
	Issuing of minutes within a stipulated timeframe	Within 5 days after the date of meetings	5 days - in most cases the minutes have to be ready sooner as items that served before one committee has to then be submitted to serve at the next meeting, for which the agendas sometimes have to be distributed the day after the previous meeting
Ensure the disposal of records according to Disposal Authorities issued by the Provincial Archivist	Number of disposal of records according to Disposal Authorities done by June?	1	1
Manage archives in a legally compliant manner	Review of Municipal Records and Archives Policy by June 2016	30/06/2017	25/05/2017

(C) Comments on the performance of Secretariat and Archives overall

The records management and archives practices in the municipality has improved a great deal. The registry operations are outstanding on day-to-day working routine. A comprehensive records management inspection report was conducted on 8 February 2017 which positive findings endorses

improvement of the municipality on records management practices. All other recommendations made by the Provincial Archives will be addressed accordingly to ensure compliance.

Vacant positions in the Committee Section within the Administration Section has been filled which contributed to the Committee Section taking over most of the Agendas and Minutes being compiled within the Alfred Duma Local Municipality. In-Service Training to Committee Personnel is being done on an ongoing basis.

3.8.9. INTERNAL AUDIT AND RISK MANAGEMENT SECTION

a) INTERNAL AUDIT

An Internal Audit (IA) exists within Alfred Duma Local Municipality and provides direction and support to Management, and the Audit Committee. The purpose of internal audit is to provide an independent, objective assurance and consulting services designed to add value and improve the municipality's operations. Furthermore, the IA reports on matters relating to:

- Safeguarding of assets
- Improving Internal Control
- Compliance with laws, regulations, policies, accounting practices and contractual obligations
- Reliability and integrity of information
- Risk and risk management
- Performance Management

The Manager, Internal Audit follows a risk based audit approach whereby an annual audit plan is compiled and approved by the Audit Committee, Management and Council. Included in the plan are special tasks or projects requested by Management and the Audit Committee.

Reporting to the Municipal Manager regarding the activities of the unit such as audits and investigations performed, audit findings not yet implemented and any other concerns is done on a monthly basis. Quarterly Audit Committee meetings are held where risk management, performance management, audit reports issued and performance against the audit plan are discussed.

During the 2016-2017 financial year the following audits were conducted:

1	Follow-up Audits from 2015-2016 financial Year
2	Co-ordination of 2015-2016 external audit process
3	Follow-up on 2015-2016 Auditor General Queries
4	Review and follow-up on Quarterly Dashboard Reports for 2016-2017
5	2015/2016 Financial Statement Review
6	2016/2017 Mid-term Financial Statement Review
7	Audit of Performance Information for 2016-2017
8	Audit of the adjustments budget 2016-2017
9	Audit of the budget 2017-2018
10	Audit Supply Chain Management (Procurement, tenders, contracts)

11	Audit Creditors & Expenditure Management
12	Audit Asset Management
13	Audit Payroll Management
14	Audit Debtors and Revenue Management
15	Audit Cash, Bank and Bank Reconciliations
16	Audit of Grants and Project Management
17	Audit Inventory Management
18	Audit of Electricity Losses
19	Audit Human Resource Management
20	Audit of Fleet Management
21	Audit of Traffic Management
17	Audit of Licencing
18	Audit of Community Facilities

b) RISK MANAGEMENT

MFMA section 62 (i) (c) requires a municipality to have and maintain an effective, efficient and transparent system of risk management.

Risk Management is one of management's core responsibilities according to section 62 of the Municipal Finance Management Act (MFMA) and is an integral part of the internal processes of a municipality. It is a systematic and formalised process to identify, assess, manage, monitor, report and address risks on a continuous basis before such risks can impact negatively on the service delivery capacity of the Alfred Duma Local Municipality. When properly executed risk management provides reasonable assurance that the institution will be successful in achieving its goals and objectives.

A Risk Assessment is conducted annually with the assistance of Provincial Treasury; through facilitating the process of identifying and assessing risk per Department to determine the magnitude of risk exposure by assessing the likelihood of the risk materialising and the impact that it would have on the achievement of objectives. The identified risks are prioritised which enables Management to focus more time, effort and resources on higher risk areas.

To mitigate the risks it is confronted with, Management implements control activities by establishing policies and appropriate procedures such as approvals, authorisations, segregation of duties, reconciliations and physical safeguards.

In addition, the Risk Management Section reports quarterly to the Audit Committee, Management and council on progress made to mitigate the top ten risks.

The 2016/2017 Municipal Risk Management Assessment was conducted by the Provincial Treasury, in terms of section 5(4) (a) (i) of the MFMA. The top ten risks, both residual and inherent risks, were identified and submitted to the Management Committee, Audit Committee, Portfolio Committee, EXCO

and Council for monitoring and mitigation. In addition to that the Municipality prepared the Risk Register for the merger (former Emnambithi and Indaka Municipalities). This Register was prepared mainly to deal with issues prior and post-merger.

The Municipality managed to mitigate most of the risks in the year under review and those which were not fully mitigated and are continuous in nature were referred to 2017/2018 for further close monitoring and mitigation.

The following top ten risks of the municipality have been identified:

Table: Top Ten Risks identified by Provincial Treasury

Residual Risks	Risk rating
Financial Management: Debt Management	Major
Human Resources: Attraction and Retention	Moderate
Infrastructure Maintenance	Major
Political Office Bearers: IGR	Major
Inadequate Upgrading of Electricity: Provision	Critical
Electricity Infrastructure Theft	Critical
Business Support: Ward Committee	Moderate
Financial Management: Fraud and Corruption Risks	Moderate
Financial Management: Assets Management	Major
Political Office Bearers: Councillors Conduct	Minor

The Alfred Duma Local Municipality's Municipal Manager, as an Accounting Officer, appointed a Risk Committee to deliberate on risk management issues within the Municipality and sits as follows:

Table: Risk Management Committee Meetings

Quarter	Targeted No. of Meetings	No. of Meetings Held	Reasons for not Achieving Target	Corrective Measure
1	3	3	N/A	N/A
2	3	3	N/A	N/A
3	3	3	N/A	N/A
4	3	3	N/A	N/A

c) ANTI-CORRUPTION AND FRAUD

Legislative Requirements

Municipal Systems Act (MSA) Act no. 32 of 2000, Section 83 (c) requires providers to be chosen through a process which minimizes the possibility of fraud and corruption.

Alfred Duma Local Municipality subscribes to the principles of good corporate governance, which requires the conducting of business in an honest and transparent fashion. Consequently Alfred Duma Local Municipality is committed to fight fraudulent behaviour at all levels within the organisation.

Alfred Duma Local Municipality has the following policy and strategy to respond to fraud and corruption viz. Anti-fraud and corruption strategy and Whistle blowing policy. This policy and strategy has been workshopped to staff members and councillors.

In addition, all fraud and corruption will be investigated and followed up by the application of all remedies available within the full extent of the law and the implementation of appropriate prevention and detection controls. These prevention controls include the existing financial and other controls and checking mechanisms as prescribed in the systems, policies and procedures of Alfred Duma.

It is the responsibility of all employees to immediately report all allegations or incidents of fraud and corruption to their immediate manager as per the Whistle Blowing Policy. The policy protects employees against any victimisation as a result of reporting alleged fraud and corruption.

All managers are also responsible for the detection, prevention and investigation of fraud and corruption and must report all incidents and allegations of fraud and corruption to the Municipal Manager. The Municipal Manager will initiate an investigation into the matter.

Employees: Internal Audit and Risk Management

Salary Level (Task Grades)	Posts	Employees	Vacancies
05 - 10	4	4	0
11 - 14	4	4	0
15 - 18	1	1	0
Total	9	9	0

d) AUDIT COMMITTEE

The Audit committee has complied with its responsibilities arising from section 166 of the Municipal Finance Management Act, Act 56 of 2003 (MFMA) and clause 14(2) (a) of the Municipal Planning and Performance Management Regulations of 2001. The Audit Committee's work is guided by the Audit Committee Charter, and has discharged all its responsibility as contained therein.

Table: Audit Committee Meetings

Quarter	Targeted No. of Meetings	No. of Meetings Held	Reasons for not Achieving Target	Corrective Measure
1	1	1	N/A	N/A
2	1	1	N/A	N/A
3	1	1	N/A	N/A
4	1	1	N/A	N/A

3.8.10 MUSEUM, TOURISM, ARTS AND CULTURE

INTRODUCTION

The key performance for this section is the preservation and promotion of heritage, arts and culture, management of Museums (Siege and R.E Stevenson Museum as well as promoting Ladysmith as a preferred tourism destination. It extends to management of Tourists' Information offices which provide tourism information, historical information and general information.

Furthermore, the section hosts a number of events that are tourism, heritage and cultural related. These events encompass programme which are aimed at generating local economic development and promotion of arts and culture.

REPORT

The following report provides summary as well as detailed activities of the section 2016/2017 Financial year.

The report is presented on quarterly basis in line with the two Key Performance indicators for the section as per the 2016/2017 Service Delivery and Budget Implementation Plan. The report further reports on the programmes and activities carried within the section:

QUARTER 1: SUMMARY (JULY – SEPTEMBER 2016)

Objective	Facilitate the development of art and culture; and presentation of heritage			
Key Performance Indicator	Unit of Measure/Calculation	Annual Target	Quarter 1	
			Target	Actual
Development and Implementation of cultural events plan	Number of Events	21	9	5
Summary of events	2. Ingula Time Travel 3. Women's' Month – 17 August 2016 (Sivukile High School) 4. Tourism Induction Workshop at Mt View Lodge on 25 August 2016. 5. Maskandi Competition - 17 September 2016 (Gcwalmnyango – St Chads) 6. Outreach programme: Heritage Month - 27 September (Keate Street Primary School.			

QUARTER 2: SUMMARY (OCTOBER - DECEMBER 2016)

Objective	Facilitate the establishment of facilities aimed at promoting heritage and tourism			
Key Performance Indicator	Unit of Measure/Calculation	Annual Target	Quarter 2	
			Target	Actual
Development and Implementation of cultural events plan	Number of Events	21	4	8
Summary of events	1. Isichamiya Competition: 01 October 2016 2. Skill Recycling Material Workshop: 05 October 3. Outreach Programme Inkanyezi Special School: 13 October 2016 4. Outreach Programme Limit Hill Combine School: 14 October 2016			

	5. Outreach Programme Thobezweni Primary School: 19 October 2016 6. Outreach Programme Cengezi Primary School: 20 October 2016 7. Concert in the Park: Cancer awareness: 28 October 2016 8. Annual Holiday Programme: 6 - 08 December 2016
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QUARTER 3: SUMMARY (JANUARY – MARCH)

Objective	Facilitate the development of art and culture; and presentation of heritage			
Key Performance Indicator	Unit of Measure/ Calculation	Annual Target	Quarter 3	
			Target	Actual
Development and implementation of cultural events plan	Number of Events	21	2	2
Summary of Events	1. Outreach Programme: Human Rights Month 07 March 2017 at Sesikhona Primary School. 2. Concert in the Park at Lister Clarence Gardens 10 March 2017			

QUARTER 4: SUMMARY (APRIL – JUNE)

Objective	Facilitate the establishment of facilities aimed at promoting heritage and tourism			
Key Performance Indicator	Unit of Measure/Calculation	Annual Target	Quarter 4	
			Target	Actual
Development and Implementation of cultural events plan	Number of Events	21	6	10
Summary of events	1. Concert in the Park 07 April 2017 at Ekuvukeni (Alfred Duma Local Municipality Offices) 2. Outreach programme – Freedom month 20 April 2017m (Weleni Primary School) 3. Concert in the Park 28 April 2017 at AG Magubane Stadium – Steadville (Battlefields Festival – 3 to 10 June 2017) 4. Community Gun Run 03 June 2017 5. International Gun Run 08 June 2017 6. Rehearsals for Parade 9 June 2017 7. Freedom of Entry Parade 10 June 2017 8. Multicultural Exhibition and Traditional Cuisine 10 June 2017 9. Mayoral Banquet 10 June 2017 10. SANDF Careers Exhibition 3 to 10 June 2017			

3.8.11 HUMAN RESOURCES

(a) Introduction

The Human Resources provides the following services: Labour Relations, Recruitment and Selection, Training and Development, Employee Assistance, Employment Equity and all Human Resources Administration with regard to fringe benefits, etc. Human Resources Services performed an excellent and efficient service during the year and were compliant with all legislative and regulatory prescripts.

(a) Human Resources Policy Objectives

Performance Objectives	Key Performance Indicator	Target	Actual	Comments
Compliance Indicators				
Apply disciplinary code	Percentage of disciplinary hearing attended to	32	32	N/A
Continuously train and develop staff	Annual compilation of new Skills Development Plan completed by end of June?	Done	Done	Done
Ensure legal compliance regarding employment equity reporting	Employment Equity Report submitted to Department of Labour by end of September?	Done	Done	Done

3.8.12 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

(a) Introduction

The Information Technology Section of the Alfred Duma Local Municipality provides services in the form of; e-mail communication, Internet access, network connectivity between offices and remote sites, and support to various applications such as MS Windows and Office and Financial Systems. The Section also provides full councillor support in all aspects of technology where required. The Section also implements and gives support on all laptops, computer, servers, printers, copiers, PABX systems, wired and wireless networks and includes both hardware and software. Information Technology Policies are developed in-house to ensure Auditor-General compliance. The unit consists of 7 full time officials who support approximately 500 users and 72 councillors.

(b) ICT Services Policy Objectives

Performance Objectives	Key Performance Indicator	Target	Actual	Comments
Compliance Indicators				
Address requests effectively	% of requests lodged with Helpdesk resolved within 48 hours	90%	94%	Closed Jobs: 917 Pending Jobs: 28 Open Jobs: 27 Total Jobs: 972
Ensure relevant and efficient IT service and infrastructure	Annual review of ICT Strategic Plan by end of June 2016	June 2016	30 June 2016	All ICT Policies now included in a single ICT Policy covering all previous ICT Policies.

(b) Employees: ICT Services

Salary Level (Task Grades)	Posts	Employees	Vacancies
05 - 10	6	4	1
11 - 14	5	2	3
15 - 18	2	1	1
Total	13	7	6

(c) Financial Performance: ICT Services

Operational Expenditure Type	Original Budget	Adjustment Budget	Actual
Employees	1 945 964.00	2 287 179.00	2 415 197.00
Repairs and Maintenance	100 000.00	50 000.00	37 604.00
Other	2 991 222.00	2 963 811.00	2 356 238.00

(d) Capital Expenditure: ICT Services

Project	Original Budget	Adjustment Budget	Actual Spent	Total Project Budget
NIL	NIL	NIL	NIL	NIL

(e) Comments on the performance of ICT Services overall

The ageing state of the ICT network infrastructure in the Alfred Duma Local Municipality is of concern, noting the growing demands placed on the networks by increased numbers of users requiring access to the Alfred Duma network services such as email, internet and file sharing. Despite the shortcomings, the IT Section is managing to keep all IT service standards high and provide adequate services to all users.

3.8.13 SUPPLY CHAIN MANAGEMENT**(a) Introduction**

Supply chain management may be defined as "the design, planning, execution, control and monitoring of supply chain activities in the delivery of goods, services or any combination thereof".

(b) Supply Chain Management Policy Objectives

- (1) Is transparent, efficient, equitable, competitive, and cost effective for the municipality,
- (2) Applies the highest ethical standards,
- (3) Promotes local economic development,
- (4) Assists in the delivery of quality service to the municipality's customers,
- (5) Promotes interest and confidence in the municipality's procurement processes and other related processes, and
- (6) Gives effect to and complies with relevant legislation, regulations and standards.

Performance Objectives	Key Performance Indicator	Actual
Compliance Indicators		
Comply with SCM Regulations - Reg 6: Submit a quarterly report on implementation of the SCM policy to the mayor and make report public	Quarterly report submitted to the Mayor within 10 days of the end of each quarter? Quarterly report made public?	YES YES
Comply with statutory reporting requirements	% of reporting requirement met	
Keep the supply chain management policy relevant and up to date	Annual review of SCM Policy completed by end of May?	YES
Properly manage municipal stores and stationary	Annual stock-taking completed by end of June?	YES
Properly manage municipal stores and stationary	Quarterly stock spot checks done?	YES

(c) Employees: Supply Chain Management

Salary Level (Task Grades)	Posts	Employees	Vacancies
05 – 10	16	12	4
11 – 14	3	1	2
15 – 18	1	1	0
Total	20	14	6

(d) Financial Performance: Supply Chain Management

Operational Expenditure Type	Original Budget	Adjustment Budget	Actual
Employees	R4 256 918	R4 094 672	R4 277 823
Repairs and Maintenance	R5 000	R10 000	R10 579
Other	R185 665	R160 310	R148 456

(e) Comment on the performance of Supply Chain Management overall

The performance of this unit during the 2016/2017 financial year was convincing. Service delivery objectives were the driving factor. All the goods and services that were requested as per the procurement plan that was approved by the Council were delivered as per the expectation however the inconveniences that were caused by the major during the financial year were noted.

3.8.14 MUNICIPAL PROPERTY MAINTENANCE

This is a joint function of the Departments of Infrastructure and Services and Community Services.

3.8.15 COMMUNITY FACILITIES AND HALLS

The Department of Community Services is responsible for the maintenance and provision of access to 64 community halls and 2 multi-purpose community across all Municipal wards.

(a) Community Facilities and Halls Policy Objectives

Performance Objectives	Key Performance Indicator	Target	Actual	Comments
Compliance Indicators				
Maintenance and provision of access to all Municipal halls in all wards	Number of community halls maintained and availed to public	64	64	Ward 1 to 36
Maintenance and provision of access to multi-purpose centres	Number of multi-purpose centres maintained and availed to public	2	2	Colenso and Drongvaal

(b) Employees: Community Facilities and Halls

Salary Level (Task Grade)	Posts	Employees	Vacancies
03 – 10	20 x permanent and 26 x job creation	46	2
11 – 14			
15 – 18			
Total	46	46	2

(c) Financial Performance: Community Facilities and Halls

Operational Expenditure Type	Original Budget	Adjustment Budget	Actual
Employees	R 830 427	R1 628 041	R1 739 391
Repairs and Maintenance	R 139 728	R 175 671	R 111 686
Other (Income)	R 509 188	R 553 610	R 534 679

CHAPTER 4 –ORGANISATIONAL DEVELOPMENT PERFORMANCE**4.1 INTRODUCTION****(a) Vacancy rate**

Designation	Approved Post	Vacancies	Vacancy Percentage
Municipal Manager	1	0	100
Chief Financial Officer	1	0	100
Other section 56 Managers	5	1	83
Traffic Officers			
Fire Fighters			
Senior Management: Task Grades 16 – 18	20	0	100
Middle Management: Task Grades 12 -15	85	6	93
Technicians (Electricity and Engineering)			

(b) Turn-over Rate

Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	Turn-Over Rate (%)
48	37	77

4.3 MANAGING THE MUNICIPAL WORKFORCE

4.3.1 HR POLICIES AND PLANS

(a) HR policies and plans as on 30 June 2017

Name Of Policy	Policy Status	Date of Adoption
Acting Allowance	Active	27/10/2016
Code of Conduct for employees	Active	27/10/2016
Education, Training and Development	Active	27/10/2016
Employee Assistance /Wellness	Active	27/10/2016
Employment Equity PLAN	Active	27/10/2016
Information Technology	Active	27/10/2016
Job Evaluation	Nil	27/10/2016
Leave	Active	27/10/2016
Occupational Health and Safety	Active	27/10/2016
Overtime and standby Policy	Active	27/10/2016
Recruitment, Selection and Appointments	Active	27/10/2016
Remuneration Scales and Allowances	Active	27/10/2016
Sexual Harassment	Active	27/10/2016
Study Bursary	Active	27/10/2016
Uniforms and Protective Clothing/DRESS CODE	Active	27/10/2016

4.3.2 INJURIES, SICKNESS AND SUSPENSIONS

(a) Number of injuries on duty

Type Of Injury	Injury Leave Taken
Fatal	0
Temporary disablement	0
Required basic medical attention only	0
Permanent disablement	0
Total	0

(b) Number of sick leave (excluding injuries on duty)

Description	Total Days Sick Leave
TOTAL SICK LEAVE TAKEN 2016/2017	5852

4.3.3 PERFORMANCE REWARDS

Performance bonuses are only paid to the deserving section 54/56 managers who were assessed by the Performance Evaluation Committee established by Council.

The following Managers are subjected to performance evaluations:

MANAGERS
Municipal Manager
Executive Director: Corporate Services
Executive Director: Community Services
Executive Director: Development Planning and Human Settlements
Executive Director: Finance (CFO)
Executive Director: Public Works and Basic Services

4.4 CAPACITATING THE MUNICIPAL WORKFORCE

4.4.1 INTRODUCTION

MSA 2000 S68 (1) requires municipalities to develop their human resource capacity to a level that enables them to perform their functions and exercise their powers in an economical, effective, efficient and accountable way.

4.4.2 SKILLS DEVELOPMENT AND TRAINING

(a) Annual Training Report: Number of employees trained

Type of Training Offered	No. of Employees	Amount Spent
SKILLS TRAINING	264	R 1 497 407.30

4.5 MANAGING THE WORKFORCE EXPENDITURE

4.5.1 INTRODUCTION

Workforce expenditure is managed effectively, through regular budget control meetings to discuss expenditure and rectify any overspending. No appointments are made unless the posts are funded and vacant on the post establishment. In order to obtain value for money from work force expenditure, the mandate for appointment is to appoint the candidate on the minimum notch of the scale unless motivation exists for appointment on a higher notch.

Note: MSA 2000 S67 requires municipalities to develop and adopt appropriate systems and procedures to ensure fair; efficient; effective; and transparent personnel administration in accordance with the Employment Equity Act 1998.

Workforce management is a core function of each line manager in Alfred Duma Local Municipality. In order to ensure reasonable standardisation and consistency in the handling of the workforce, staff policies; procedures; and conditions of service are developed at a central level and are then implemented by line management.

Conditions of service of section 54/56 managers are based up on the regulations promulgated by the Minister of Cooperative Governance and approved by Council.

Conditions of service of staff below senior management level are negotiated at a central level by the National and Provincial divisions of the South African Local Government Bargaining Council (SALGBC) and, where relevant, at a local level between management and the representative unions SAMWU and IMATU.

4.5.2 EMPLOYEE EXPENDITURE

Section Managers are required to ensure that employees are productive.

(a) Workforce Expenditure

Financial Year	% of Expenditure
2016/2017	88%

(b) Disclosures: Remuneration of Councillors

Councillor	Total Costs
	2016/2017
Mayor	R 815 089.00
Deputy Mayor	R 649 487.00
Speaker	R 656 548.00
Chief Whip	R 617 550.00
Total for Executive Committee Members	R 2 422 928.00
Ordinary Councillors	R16 295 327.00
MPAC Chairperson	R 457 877.00

(c) Remuneration for Section 56 Managers- Total Cost to Employer

Manager	Total Costs
	2016/2017
Executive Director: Corporate Services	R 1 193 739.00
Executive Director: Development Planning & Human Settlements	R 1 260 815.00
Executive Director: Community Services	R 1 205 950.00
Executive Director: Infrastructure and Services	R 1 360 340.00

(d) Remuneration of the Municipal Manager

2016/2017	
Annual Remuneration	R1 333 332.00
Performance Bonuses	R 113 207.00
Subsistence & Travel Reimbursement	R 35 048.00
Total	R1 481 588.00

(e) Remuneration of the Chief Financial Officer- Total Cost to Employer

2016/2017	
Annual Remuneration	R1 245 675.00
Performance Bonus	R 93 890.00
Subsistence & Travel Reimbursement	R 30 554.00
Total	R1 370 119.00

CHAPTER 5 – FINANCIAL PERFORMANCE

5.1 INTRODUCTION

Chapter 5 contains information regarding financial performance and highlights specific accomplishments.

The chapter comprises of three components:

- Component A: Statement of Financial Performance
- Component B: Spending Against Capital Budget
- Component C: Other Financial Matters

The municipality is being subjected to extreme external cost pressures which include the effect of the tariff increases of Eskom, labour collective agreements which results in expenditure increases well above the normal inflation rate, the increased cost of fuel due to the declining currency and higher oil prices etc. The municipality is well aware of the effect of the global economic slowdown and the effect it have on the ability of the consumers to pay for services. The municipality therefore embarked on cost saving measures in its budgeting- and actual processes wherever possible.

GRAP compliance

GRAP is the acronym for Generally Recognized Accounting Practice and it provides the rules by which municipalities are required to maintain their financial accounts. Successful GRAP compliance will ensure that municipal accounts are comparable and more informative for the municipality.

It will also ensure that the municipality is more accountable to its citizens and other stakeholders. Information on GRAP compliance is needed to enable National Treasury to assess the pace of progress and consider the implications. The Accounting Standards Board annually issues a directive (Directive 5) indicating the relevant accounting standards which municipalities must comply with.

COST CUTTING MEASURES

National Treasury released Circular No. 82 on Cost Containment Measures in March 2016 to guide the municipalities on the cost containment measures to be implemented in terms of reducing wasteful expenditure and unnecessary expenditure.

The Municipality has started implementing the cost containment measures of Circular 82. During the course of the 2016/2017 financial year, out of town trips were reduced and authorisation for all out of town trip was done only by the Municipal Manager. Encashment of leave was suspended due to cash flow constraints, there was a reduction of overtime worked to be paid in the form of cash and the departments were required to ensure that proper planning of tasks were conducted. Employees receiving travel allowances were only to be allowed to claim travelling expenses once the kilometres in their allowance is exhausted.

5.2 STATEMENTS OF FINANCIAL PERFORMANCE

5.2.1 INTRODUCTION

(a) Financial Summary

Description	Original Budget	Adjustment Budget	Actual
1a Total Revenue (excluding capital transfers and contributions)	R724 236	R733 352	R720 374
a Property rates	R150 749	R157 100	R166 816
b Service charges	R319 560	R325 137	R322 280
c Investment revenue	R 14 210	R 15 074	R13 653
d Transfers recognised - operational	R208 460	R207 894	R190 064
e Other own revenue	R31 258	R 27 845	R 27 561
1b Total Expenditure			
a Employee costs	R212 423	R210 664	R214 128
b Remuneration of councillors	R 24 049	R 22 628	R21 915
c Depreciation and asset management	R 81 477	R 78 080	R37 968
d Finance charges	R 592	R 591	R534
e Materials and bulk purchases	R199 037	R203 126	R204 581
f Transfers and grants	R 1 309	R 5 442	R1 530
g Other expenditure	R260 953	R241 277	R147 703
1c Capital transfers and contributions			
a Transfers recognised - capital	R120 353	R136 896	R1 000
b Contributions recognised - capital and contributed assets	-	-	-
Surplus Deficit for the year	R109 429	R103 494	
Total sources of capital funds			
a Transfers recognised - capital	R120 353	R139 899	
b Public contributions and donations	0	0	
c Borrowing	0	0	
d Internally generated funds	R89 895	R108 918	
a Total current assets	R303 651	R350 277	R2 995 718
b Total non-current assets	R1 487 153	R1 171 068	R1 344 637
c Total current liabilities	R185 987	R176 469	R2 800 475
d Total non-current liabilities	R63 417	R67 903	R22 181
a Net cash from (used) operating	R181 042	R176 569	R155 985
b Net cash from (used) investing	(R210 898)	(R237 317)	(R472 284)
c Net cash from (used) financing	(R592)	(R592)	R18 041
d Cash/Cash Equivalents at the year end	R180 018	R179 742	(R298 259)
a Cash and investments available	R195 894	R124 627	
b Application of cash and investments	R126 232	R20 873	

c Balance - Surplus (Shortfall)	R69 663	R103 754	
a Asset register summary (WDV)	R1 288 168	R988 286	
b Depreciation & asset impairment	R81 477	R78 080	
c Renewal of existing assets	R60 000	R60 000	
d Repairs and maintenance	R70 996	R51 653	

(b) Financial Performance of Operational Services

Description	Original Budget	Adjustment Budget
Revenue - Standard		
Governance and Administration	R326 889	R333 678
Executive & Council	R235 336	R329 034
Budget & Treasury Office	R 89 821	R 4 235
Corporate Services	R 1 731	R 409
Community and Public Safety	R 19 744	R 27 379
Community & Social Services	R 6 540	R 6 410
Sport And Recreation	R0	R0
Public Safety	R 11 102	R 18 885
Housing	R 2 102	R 2 084
Health	R0	R0
Economic and Environmental Services	R128 392	R115 891
Planning and Development	R 292	R 3 327
Road Transport	R127 075	R125 665
Environmental Protection	R 1 025	R0
Trading Services	R369 368	R387 368
Electricity	R329 668	R338 968
Waste Management	R 39 700	R 48 400
Other	R 196	R0
Total Revenue - Standard	R844 589	R876 514
Expenditure - Standard		
Governance and Administration	R212 146	R216 547
Executive & Council	R113 819	R156 269
Budget & Treasury Office	R 50 792	R 38 849
Corporate Services	R 47 536	R 21 428
Community and Public Safety	R 74 006	R 117 206
Community & Social Services	R 16 360	R 71 791
Sport And Recreation	R0	R0
Public Safety	R 33 389	R 38 019
Housing	R 12 328	R 7 758
Health	R 11 929	R0
Economic and Environmental Services	R 154 782	R 123 532
Planning and Development	R 25 435	R 19 419
Road Transport	R 97 101	R 104 113
Environmental Protection	R 32 246	R0
Trading Services	R 288 685	R 316 326
Electricity	R 257 957	R 275 863
Water	R0	R0
Waste water management	R 30 729	R 40 463
Other	R 5 541	R0
Total Expenditure – Standard	R 735 160	R 779 848
Surplus/(Deficit) for the year	R 109 429	R 103 494

(c) Comments on financial performance

Total operating expenditure amounted to R 695 749 605.00 and 90% of the budget was spent.

Total operating revenue amounted to R 720 619 745.00 and 97% of the budget was received.

5.2.3 GRANTS**(a) Grants received from DoRA**

Description	Original Budget	Adjustment Budget	Actual	Original Budget Variance	Adjustment Budget Variance
National Government					
Integrated National Electrification Programme	R 10 000 000	R 12 804 418	R12 804 418	R 2 804 418	R0
Equitable Share Grant	R 183 739 000	R 183 739 000	R 153 116 000	R 30 623 000	R 30 623 000
Expanded Public Works Programme Grant	R 4 906 000	R 4 906 000	R 4 710 815	R 195 185	R 195 185
Local Government Financial Management Grant	R 3 450 000	R 3 450 000	R 3 408 398	R 41 602	R 41 602
Municipal Infrastructure Grant (MIG)	R 60 353 000	R 72 053 000	R 72 053 000	R 11 700 000	R0
Municipal Systems Improvement Grant	R0	R0	R0	R0	R0
Municipal Disaster Recovery Grant	R 50 000 000	R 50 000 000	R 50 000 000	R0	R0
Corridor Development Grant	R0	R0	R0	R0	R0
Neighbourhood Development Grant	R0	R0	R0	R0	R0
Total					
Provincial Government					
Operational Cost Accredited Municipality	R 1 681 000	R 1 681 000	R 356 141	R 1 324 859	R 1 324 859
Museum Subsidies	R 175 000	R 175 000	R 175 000	R0	R0
Provincialisation of Library	R 4 035 000	R 4 035 000	R 4 035 000	R0	R0
Community Library Services Grant	R 760 000	R 738 000	R 738 000	R0	R0
Municipal Demarcation Transition Grant	R 9 714 000	R 9 714 000	R 9 714 000	R0	R0
Workstudy Exercise at Merged Municipalities Grant	R 700 000	R 700 000	R 700 000	R0	R0
Other Grants	R 231 719	R 231 719	R 231 719	R0	R0

(b) Comments on operating transfers and grants received from DoRA

Overall the grants as budgeted for were realised and were fully spent

5.2.4 ASSET MANAGEMENT

(a) Introduction

Assets under the control of each department are being managed by the relevant departmental heads. The Chief Financial Officer is responsible for maintaining an asset register for all assets which qualify to be capitalised.

Asset management is guided by the Asset Management Policy of the municipality. The policy is reviewed on an annual basis as part of the budget policies review process to ensure it complies with the latest requirements of GRAP, audit- and treasury directives.

The asset register which integrates with the financial system and which provide much more up to date information was implemented during the financial year under review.

(b) Comments on asset management

The municipality designed and implemented a system whereby each capital project is measured according to the requirements of the MFMA. The Council only approves projects where the full cost of the project, the future operating costs of the project as well as the effect that the costs associated with the project will have on tax and tariffs were considered by the Council.

(c) Comments on repair and maintenance expenditure

Expenditure on repairs and maintenance does not keep track with the increase in asset values as well as the ageing of the infrastructure.

The Medium Term Revenue and Expenditure Framework (MTREF) further indicates an increase in the amounts spend on repairs and maintenance as a percentage of total operating expenditure. A portion of repairs and maintenance is included in the capital budget.

(d) Repair and maintenance expenditure

Type	Operating Budget	Actual	% of Operating Budget
Roads – Tarred and Earth	R9 585 800	R3 824 334	40%
Rural Roads	R6 368 250	R6 308 748	99%
Storm water	R5 073 538	R5 020 625	99%

5.2.5 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

Financial ratio's	viability Criteria	2016/2017
Outstanding service debtors to revenue	The lower the actual the better the result	1:0,88
Cost coverage	Higher than 1-3 months is better	1:0,90
Debt coverage	The lower the actual the better the result	1:64,87

5.3 SPENDING AGAINST CAPITAL BUDGET

5.3.1 INTRODUCTION

Capital expenditures relates mainly to construction projects that will have value lasting over many years. Capital expenditure is funded from grants, borrowings and cash surpluses.

The municipality spent % of the approved budget on capital projects.

5.3.2 CAPITAL EXPENDITURE

The table below indicates the capital expenditure against the total budget.

Description	Original Budget	Adjustment Budget	Actual
Construction of 1.4kms Tarred Roads in Ward 2	R 5 000 000.00	R 5 000 000.00	R4 037 417
Construction of 1.7kms Tarred Roads in Ward 3	R 10 000 000.00	R10 000 000.00	R 8 494 545
Construction of 3.6 kms Tarred Roads in Etholeni Street Ward 34	R 8 115 614.00	R 8 115 614.00	R10 318 700
Resurfacing and Maintenance of Ekuvukeni tarred Roads 4km in Ward 33	R 7 000 000.00	R 8 370 000.00	R 4 903 781
Construction of 1.35km for Ekuvukeni Tarred Roads in Ward 33	R 7 000 000.00	R 7 000 000.00	R 4 816 990
Construction of 3.055km gravel roads in ward 29	R 9 000 000.00	R 9 000 000.00	R 5 794 123
Construction of 5.8 km of gravel roads in Ward 29	R 10 000 000.00	R 10 000 000.00	R 6 496 240
Construction of 3km of gravel roads in Ward 32	R 4 000 000.00	R 4 000 000.00	R 2 577 242
Construction of 3km of gravel Roads in Ward 36	R 3 000 000.00	R 3 000 000.00	R 3 401 771
Construction of 1.1 km gravel Roads in Ward 36	R 3 000 000.00	R 3 000 000.00	R 1 885 392.47
Construction of Etholeni Low –Water level Bridge in Ward 34	R 9 520 000.00	R 9 520 000.00	R 7 673 049
Construction of 930ms fencing of Cemetery at Etholeni in Ward 34	R 1 200 000.00	R 1 200 000.00	R 847 629
Maintenance of Gravel Roads in Ward 31,32,33,34,35 & 36	R 10 000 000.00	R 10 000 000.00	R 9 115 103
Construction of Feasibility Study Environmental Impact Assessment for KwaZimba Bridge	R 13 000 000.00	R 500 000.00	R 388 750.00
Construction and Rehabilitation of Urban Roads in Ward 20, Ward 21	R 40 696 692.00	R 40 696 692.00	R 40 696 692.00
Construction of Low Water Crossing Ward 14, Ward 8	R 1 153 059.00	R 1 153 059.00	R 1 153 059.00
Construction of 31 km of Gravel Roads in Ward 4,7,8,9,11,13,14,15,16,17,18,19,23,24,25,26	R 8 150 249.00	R 8 150 249.00	R 8 150 249.00

Completion of Ezakheni Sport Complex Phase 3	R 8 000 000 .00	R 8 000 000.00	R 5 666 491
Construction of 1 Mini Facility in Roosboom-Ward 13	R 2 000 000.00	R 2 000 000.00	R 1 566 262
Construction of Burford Crèche – Ward 14	R 750 000.00	R 750 000.00	R 640 251
Construction of 1 Community Hall in Machibini	R 3 297 500.00	R 3 297 500.00	R 2 303 004
Construction of 1 Community Hall in Ward 8 (Steel Structure)	R 2 000 000.00	R 2 000 000.00	R 2 519 687
Construction of 1 Community Hall in Ward 4	R 6 000 000.00	R 6 000 000.00	R 6 322 450
Construction of 1 Sports field in Ward 23 Jonono Skop	R 3 000 000 .00	R 3 000 000 .00	R 2 944 982
Construction of Shelters ,curbs and island in Illing Road Taxi Rank	R 4 000 000.00	R 4 000 000.00	R 3 504 495
Rehabilitation of 2 km of Roads in Ward 12	R 5 000 000.00	R 5 000 000.00	R 3 950 123
Tarred Roads and Stormwater in Ward 4	R 10 000 000.00	R 10 000 000.00	R 9 865 110

5.3.3 SOURCES OF FINANCE

(a) Capital Expenditure - Funding Sources

Description	Original Budget	Adjustment Budget	Actual	Original Budget Variance	Adjustment Budget Variance
MIG	R60 353 000	R72 053 000	R72 053 000	R11 700 00	R0
INEP	R10 000 000	R12 804 418	R12 804 418	R2 804 418	R0
DRG	R50 000 000	R50 000 000	R50 000 000	R0	R0

5.3.4 CAPITAL SPENDING ON LARGEST PROJECTS

(a) Capital Expenditure of largest projects

Description	Original Budget	Adjustment Budget	Actual
TARRED ROADS –Construction and Rehabilitation of Urban Roads in Ward 20 and Ward 21	R40 696 692.00	R40 696 692.00	R40 696 692.00
Gravel Roads in Wards 31 to 36	R10 000 000	R 10 000 000.00	R 6 496 240
Construction of Etholeni Low-Water Level Bridge	R 7 000 000	R 9 520 000.00	R 7 673 049
Construction of Gravel Road – Ward 29 at Engabo Road	R 9 000 000	R 9 000 000.00	R 5 794 123
Tarred Roads & Stormwater Drain – Ward 3	R10 000 000	R10 000 000.00	R 8 494 545
Tarred Roads & Stormwater Drain Ward 4	R0	R 10 000 000.00	R 9 865 110
TARRED ROADS –Tarred Roads in Ekuvukeni Street	R8 370 000.00	R 8 370 000.00	R 4 903 781

5.4 CASH FLOW MANAGEMENT AND INVESTMENTS

5.4.1 INTRODUCTION

5.4.2 CASH FLOW

(a) Cash Flow Outcomes

Description	Original Budget	Adjustment Budget
1a Receipts		
a Ratepayers and other	R 132 362	R113 000
b Service charges	R 311 541	R 317 534
c Other revenue	R 23 187	R 28 071
d Government - operating	R 208 460	R 208 895
e Government - capital	R 120 353	R 136 896
f Interest	R 14 210	R 17 811
g Dividends	-	-
a Suppliers and employees	(R627 170)	(R627 746)
b Finance charges	(R 592)	(R 592)
c Transfers and Grants	(R 1 309)	(R4 800)
2 Net Cash From (Used) Investing Activities	(R210 248)	(R237 317)
3 Net Cash From (Used) Financing Activities	(R 592)	(R 592)
3a Receipts		
a Short term loans	-	-
b Borrowing long term/refinancing	-	-
c Increase (decrease) in consumer deposits	-	-
3b Payments	-	-
a Repayment of borrowing	(592)	(592)

5.4.3 BORROWING AND INVESTMENTS

(a) Actual Borrowings

Instrument	Amount
Long-term Loans	
ABSA Bank- Tsakane Electrification	R 4 136 698.00
DBSA- Indaka	R 3 145 748.00
Long-Term Loans	R 7 282 446.00
Less: Current portion transferred to current liabilities	(R 534 661.00)

(a) Municipal Investments

Investment Type	2016/2017
Short term Investments	
ABSA	R 10 094 315
Investec	R 10 094 513
Standard Bank	R 10 094 623
Total	R 30 283 451

5.4.4 FINANCIAL MISCONDUCT**Investigations**

A case of alleged theft of money by a cashier is being investigated by the South African Police Services for a period covering January 2014 to January 2016. This investigation is in progress.

5.4.5 PUBLIC PRIVATE PARTNERSHIPS

Not Applicable

CHAPTER 6 –AUDITOR GENERAL AUDIT FINDINGS**6.1 INTRODUCTION**

The Constitution section 188 (1) (b) states that the functions of the Auditor-General includes the auditing and reporting on the accounts, financial statements and financial management of all municipalities. The responsibility of the Auditor-General is to perform an audit to obtain reasonable assurance whether the financial statements are free from material misstatement and to express an opinion based on the audit conducted in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the General Notice issued in terms thereof and International Standards on Auditing.

The Municipal System Act section 45 states that the results of performance measurement must be audited annually by the Auditor-General. The reported performance against predetermined objectives is evaluated against the overall criteria of usefulness and reliability. The usefulness of information relates to whether the reported performance is consistent with the planned development priorities or objectives and if indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury Framework for managing programme performance information.

The annual financial statements of the municipality are submitted to the Auditor-General in accordance with the MFMA section 122 (1)(2) on the 31st August and the final audit report from Auditor-General will be received after completion of all audit processes in accordance with the MFMA section 126(3)(b).

6.2 AUDITOR-GENERAL OPINION (2016/2017 FINANCIAL YEAR)

Attached

6.2.1 AUDITOR GENERAL REPORTS

Attached

ANNEXURE "A"

PERFORMANCE ASSESSMENT OF
EXTERNAL SERVICE PROVIDERS:
2016/2017

ASSESSMENT OF SERVICE PROVIDERS								
Corporate Services								2016/2017 Financial Year
No	Service Provider	Capacity Building Course	Actual Amount Spent	Commencement Date	Completion Date	Number of Employees and Councillors capacitated	Comments	Performance Rating of the Service Provider (Good, Satisfactory, Poor)
1	COGTA	Municipal Intergrated Development Plan	Funded By CoGTA	16/08/2016	19/08/2016	10	Accredited Service Provider	Good
2	Mbalenhle café	Municipal Finance Management	R 23 333.33	17/08/2016	19/08/2016	20	Accredited Service Provider	Good
3	Mbalenhle café	Municipal Finance Management	R 23 333.33	05/09/2016	07/08/2016	20	Accredited Service Provider	Good
4	COGTA	Municipal Intergrated Development Plan	Funded By CoGTA	12/09/2016	16/09/2016	10	Accredited Service Provider	Good
5	Mbalenhle café	Municipal Finance Management	R 23 333.33	21/09/2016	23/09/2016	20	Accredited Service Provider	Good
6	Mbalenhle café	Contract Management	R 75 000.00	21/09/2016	23/09/2016	20	Accredited Service Provider	Good
7	Sizasande	Basic Computer Training for WCO	R 108 000.00	24/11/2016	26/10/2016	35	Accredited Service Provider	Good
8	SALGA	Induction Training for Councillors	Funded By CoGTA	10/10/2016	14/10/2016	66	Accredited Service Provider	Good
9	Osolwazi	Basic Computer Training for Councillors	R 92 300.00	28/11/2016	30/11/2016	23	Accredited Service Provider	Good
10	Mbalenhle Internet café	Municipal Finance Management	R 23 333.33	21/11/2016	23/11/2016	14	Accredited Service Provider	Good
11	Mbalenhle Internet café	Municipal Finance Management	R 23 333.33	7/12/2016	9/12/2016	16	Accredited Service Provider	Good
12	Plessie Telecommunications	CS02/2014 – Supply and Installation of a Complete PABX Telephone Solution	R29 938.98	17-Jun-14	17-Jun-17	N/A	N/A	Good
13	DATABOX Technologies cc	CS10/2015 – Lease of Multifunction Copiers	R172 739.51	23-May-16	23-May-19	N/A	N/A	Good
13	Merchant West (Pty) Ltd	CS10/2015 – Lease of Multifunction Copiers	R843 278.67	23-May-16	23-May-19	N/A	N/A	Good

Assessment of External Service Providers: 2016/2017

FINANCE

Service Provider	Project Description	Project Amount	Expenditure to Date	Progress to Date	Commencement Date	Completion Date	Responsible Department	Comments	Overall Performance
MunSoft	Financial System, IT Support and mSCOA Support	R 13 717 527	R 11 052 592	The Financial System has been implemented with challenges - Certain modules are still to be implemented, i.e. Assets, PMS, Customer Care, Integration with Contour.	01/08/2016	Ongoing	Finance & Corporate Services (IT)	The Financial System was implemented during 2016/2017 - However many challenges were experienced with the system. The Service Provider is attending to these challenges, however they have limited resources and many of the challenges remain unresolved and certain modules have not been implemented as yet. This is also affecting service delivery and collection of revenue.	Below Average

Assessment of External Service Providers: 2016/2017										
Public Works and Basic Services										
No	Service Provider	Project Description	Project Amount	Expenditure to Date	Progress to Date	Commencement Date	Completion Date	Responsible Department	Comments	Overall Performance
1	CONSULTANT - MESSRS LEJA & ASSOCIATES	Installation of 5 High Mast Lights in Divaal - Ward 35 by 30 June 2017	R 1 384 386.00	R 0.00	Awaiting the outcome of the Bid Specification Committee.	14/06/2016	30/06/2017	EES	Delays in providing required information.	Poor
2	CONSULTANT - MESSRS LEJA & ASSOCIATES	Installation of 5 High Mast Lights in Limehill - Ward 35 by 30 June 2017	R 1 500 000.00	R 0.00	Awaiting the outcome of the Bid Specification Committee.	14/06/2016	30/06/2017	EES	Delays in providing required information.	Poor
3	Messrs 2 Good Construction	Construction of 1.4KMs Tarred Roads in Ward 2 by 30 June 2017	R 5 000 000.00	R 4 132 654.56	Project is complete.	31/08/2016	30/06/2017	Public Works & Basic Service		Poor
4	Messrs True-Build Construction	Construction of 1.7KMs Tarred Road in Ward 3 by 30 June 2017	R 10 000 000.00	R 9 748 432.05	Project is complete.	19/09/2016	30/06/2017	Public Works & Basic Service		Fair
5	Messrs R&D Contractor	Construction of 2.3KMs for Tholeni Street, Tarred Road in Ward 34 (Tholeni to KwaCilo) by 30 June 2017	R 8 115 614.00	R 8 115 614.00	Project is complete.	26/10/2016	30/06/2017	Public Works & Basic Service		Poor
6	Messrs R&D Contractor	Surfacing of Ekuvukeni internal streets (Refurbishment and renewal of PPE) of 4.3KMs in Ward 33 by 30 June 2017	R 10 000 000.00	R 7 250 982.88	Project is complete.	12/10/2016	30/06/2017	Public Works & Basic Service		Very Poor
7	Messrs Madudla Contractor	Upgrade of 1.35KMs of Ekuvukeni (tarred roads and storm water) in Ward 33 by 30 June 2017	R 7 000 000.00	R 5 139 749.71	Project is 100% complete.	29/11/2016	14/04/2017	Public Works & Basic Service		Good
8	Snowball Construction JV Uvimbile.	Construction of 3.055KMs of gravel roads in Ward 29 (Umgabo Road) by 30 June 2017	R 9 000 000.00	R 5 944 770.45	Project is 80% complete, contractor is currently busy with laying pipe crossing and G5 compaction.	30.03.2017	30/06/2017	Public Works & Basic Service		Poor

9	Sikoti Investments	Construction of 4.2KMs of gravel roads in Ward 29 (Okhazini Road) by 30 June 2017	R 10 000 000.00	R 5 975 576.26	Project is complete.	14/03/2017	30/06/2017	Public Works & Basic Service		Good
10	Messrs Yimpie Projects	Construction of 4.3KMs of gravel roads in Ward 32 (KwaSokhulu to KwaSithole Road) by 30 June 2017	R 4 000 000.00	R 4 000 000.00	The project is 100% complete	1/02/2017	30/06/2017	Public Works & Basic Service		Good
11	Messrs Njengamanje Trading	Construction of 1.681KMs of gravel roads in Ward 36 (KwaMhlongo to KwaSithole Road) by 30 June 2017	R 3 000 000.00	R 2 782 329.51	project is practical complete.	30/03/2017	30/06/2017	Public Works & Basic Service		Fair
12	Messrs Siyajuluka Trading Enterprise	Construction of 1.1KMs of gravel roads in Ward 36, (Mbango to Green Road with the Low Water crossing) by 30 June 2017	R 3 000 000.00	R 2 459 824.63	Gravel road is 98% complete Culvert Bridge: Blinding is 100% and steel fixing is 70% complete. Project is 60% complete	15/03/2017	30/06/2017	Public Works & Basic Service		Fair
13	Messrs KPA Civils	Construction 1 Bridge at KwaCilo to Tholeni in Ward 32 by 30 June 2017	R 9 520 000.00	R 9 023 534.97	Project complete	09/02/2017	30/06/2017	Public Works & Basic Service		Good
14	Messers Paradise Fencing	Fencing 770Ms of Cemetery at Tholeni in Ward 34 by 30 June 2017	R 1 200 000.00	R 831 641.81	Project complete	14/04/2017	30/06/2017	Public Works & Basic Service		Good
15		Repairs and maintenance of Property Plant and Equipment (PPE) by 30 June 2017	R 7 000 000.00		To be removed as this is will be dealt with under the Construction of 31KM of Gravel Roads in Wards 4, 7, 8, 9, 11, 13, 14, 15, 16, 17, 18, 19, 20, 23, 24, 25, 26 by 30 June 2017					N/A
16		Construction 1 Bridge at KwaZimba Road in Ward 30 by 30 June 2017	R 13 000 000.00		Tender Document went for Specification, currently waiting for advert.					This project is implemented this financial year
17	Messrs Bhekanani	Construction 1KM of Roads in Acaciavalle, Ward 20 (Progress Road- 1km, Main and Burger Streets) by 30 June 2017	R 2 900 000.00	R 2 900 000.00	Complete	08/03/2017	30/06/2017			Good

18	Messrs Westmead Hauliers	Construction KM of Roads in Acaciavalle, Ward 20 (Centenary Road) by 30 June 2017	R 19 094 733.00	R 15 361 130.97	Project is complete.	31/08/2016	30/06/2017	Public Works & Basic Service	Unforeseen clay section caused delays on the project due to additional scope. Consultant had to redo cost estimates and revised scope of works since there are clayed section which are not catered for.	Poor
19	Messrs Inkonka Civils	Construction 2KMs of Roads in Steadville, Ward 21 (Oliver Tambo Street) by 30 June 2017	R 6 822 144.00		Project is complete.					Good
20	Messrs Mbanga Trading	Construction 3KMs of Roads in Steadville, Ward 21 (Mandela Drive) by 30 June 2017	R 2 913 691.00	R 2 913 691.00	project is complete.					Good
21	Messrs DF Majola	Construction KMs of Roads in Acaciavalle, Ward 20 (Marula Drive) by 30 June 2017	R 10 866 479.00	R 10 866 479.00	project is complete.	23/09/2016	06/04/2017	Public Works & Basic Service		Very Good
22	Not yet Appointed	Construction of 31KM of Gravel Roads in Wards 4, 7, 8, 9, 11, 13, 14, 15, 16, 17, 18, 19, 20, 23, 24, 25, 26 by 30 June 2017	R 7 402 953.00	R -	Currently waiting for the Supply Chain Management Process to be finalised.	N/A	N/A	Public Works & Basic Service		N/A
23	Messrs Winwater	Construction of Ezakheni Sports Complex (Phase 3) in Ward 1 by 30 June 2017	R 15 000 000.00	R 15 000 000.00	Steel fixing for the first floor has commenced but the formwork for the first floor has not yet been delivered on site. Internal Plastering is 100% complete, external plaster is 95% complete and on-going. Ballustrades are 75% complete and on-going. Bolt cages are 100% complete and waiting to pour concrete to complete installation of roof structure. Overall progress is 85% complete.	09/03/2016	30/06/2017 Revised completion date 19/08/2017	Public Works & Basic Service	Uthukela representatives have not yet commenced with the construction of the new water supply to the site. The issue is being dealt with at a higher level	Fair
24	Messrs PP Mdletshe	Construction of 1 Mini Facility in Roosboom- Wards 13 by 30 June 2017	R 2 000 000.00	R 1 750 615.54	Project is practical complete	30/09/2016	30/06/2017	Public Works & Basic Service		Poor

25	Messrs Swaxol Trading	Construction of the Burford-Ward 14, Creche/ Mini Multi purpose centre- 50m2 (no borehole) by 30 June 2017	R 750 000.00	R 750 000.00	The project is 100% complete	04/11/2016	31/03/2017	Public Works & Basic Service		Good
26	Messrs Umpheme Consortium	Construction of a Community Hall in Machibini, Ward 28 by 30 June 2017	R 3 297 500.00	R 2 762 320.47	The project is 100% complete	04/11/2016	30/06/2017	Public Works & Basic Service		Poor
27	Messrs Siyajuluka Trading Enterprise	Construction of a Community Hall in Ward 8 by 30 June 2017	R 2 000 000.00	R 2 000 000.00	Project is complete.	10/04/2017	30/06/2017	Public Works & Basic Service		Poor
28	Messrs Siyajuluka Trading Enterprise	Construction of a Community Hall in Ward 4 by 30 June 2017	R 6 000 000.00	R 5 927 314.01	Project is complete.	02/09/2016	30/06/2017	Public Works & Basic Service		Very Poor
29	Messrs Bee & Tee Construction	Construction of a Sportsfield in Ward 23 by 30 June 2017	R 3 000 000.00	R 3 000 000.00	The only remaining works to be done is the maintaining of the grass. Overall progress is 100% complete	19/07/2016	30/06/2017	Public Works & Basic Service		Very Poor
30		CBD Regeneration by 30 June 2017	R 4 000 000.00							
31	Messrs Madudla Contractor	Construction of Illing Road Taxi Rank by 30 June 2017	R 4 000 000.00	R 3 456 876.90	Project is 100% complete.	16/01/2017	30/06/2017	Public Works & Basic Service		Very good
32	CONSULTANT - MESSRS MOREFORTUNE VWP ENGINEERS JV	Provision of electricity connections to 100 households in Pepworth - Ward 14 by 30 June 2017	R 250 000.00	R 0.00	The Consultant has completed the prelim designs which is to be presented at the next Eskom TEF Meeting.	12/10/2016	30/06/2017	EES	Completed preliminary design.	Fair
33	CONSULTANT - MESSRS ZML AFRICA PROJECTS	Provision of electricity connections to households in Spandikron - Ward 32, Bongamphisi - Ward 35, KwaHlathi - Ward 36 and Mgceleni - Ward 36 by 30 June 2017	R 5 000 000.00	R 0.00	The Consultant has completed the survey process and is awaiting the Network Planning Report from Eskom.	07/11/2016	30/06/2017	EES	Busy with preliminary design.	Fair
34	CONSULTANT - SPK ENGINEERS CC	Provision of electricity connections to 349 households in Cremin - Ward 24 by 30 June 2017	R 4 750 000.00	R 0.00	The Consultant has completed the prelim designs which is to be presented at the next Eskom TEF Meeting.	12/10/2016	30/06/2017	EES	Completed preliminary design.	Fair
35	SERVICE PROVIDER - HS MAINTENANCE	Provision of Electrical Renewals	R 2 000 000.00	R2,000,000.00	Still awaiting switch-gear.	10/10/2016	30/06/2017	EES	Long delays in manufacturing switch-gear as well as delivery of incomplete product.	Poor

36	CONSULTANT - BVI CONSULTING ENGINEERS	Installation of Street Lights in Watersmeet - Ward 16 by 30 June 2017	R 3 000 000.00	R138,490.05	Awaiting the SCMU processes in terms of the appointment of the Contractor.	21/01/2016	30/06/2017	EES	Has achieved much progress thus far.	Fair
37	CONSULTANT - TRANS AFRICA PROJECTS CONTRACTOR - B&S ELECTRICAL	Installation of High Mast Lights in Mathondwane - Ward 17 by 30 June 2017	R 3 000 000.00	R114,000.00	The Contractor is expected to commence with construction on Monday, 16 January 2017.	21/01/2016 18/11/2016	30/06/2017	EES	Has achieved much progress thus far. Busy with site establishment.	Fair Fair
38	CONSULTANT - ENE CONSULTING SOLUTIONS	Installation of Streetlights in Roosboom - Ward 13 by 30 June 2017	R 1 000 000.00	R 0.00	The Consultant has completed the prelim designs and will present same to the Department Electrical Engineering Services in due course.	07/11/2016	30/06/2017	EES	Completed preliminary design.	Fair
39	CONSULTANT - SAMO ENGINEERING CONTRACTOR - KETSONA ELECTRICAL	Installation of Streetlights in Lucitania & Matiwane - Ward 24 by 30 June 2017	R 3 000 000.00	R114,228.00	The Contractor is currently busy digging pole holes, planting poles and stringing. The Project is 18% complete.	21/01/2016 25/10/2016	30/06/2017	EES	Has achieved much progress thus far. Has achieved much progress thus far.	Fair Fair
40	Messrs Njengamanje Trading	Rehabilitation of approximately 2KM of Roads in Wards (Albert Road, Roselane Lane and Phillip Frame Road) by 30 June 2017	R 5 000 000.00	R 5 000 000.00	Project is complete.	22/08/2016	30/06/2017	Public Works & Basic Service		Poor

Assessment of External Service Providers: 2016/2017									
Development Planning and Human Settlements- Human Settlements									
Service Provider	Project Description	Project Amount	Expenditure to Date	Progress to Date	Commencement Date	Completion Date	Responsible Department	Comments	Overall Performance
Five and Only	Storm Damaged Projects	R22 760 628.87	R 4 990 009.48	Contract Expired	August 2013	May 2017	DPHS/HOUSING	Not meeting the target	Poor
Bhekzas Trading Enterprise	Storm Damaged Projects	R22 760 628.87	R 7 756 926.27	Contract Expired		May 2017	DPHS/HOUSING	Not meeting the target	Poor
Mandlethu projects	Storm Damaged Projects	R22 760 628.87	R 3,922,718.90	Contract Expired	August 2013	May 2017	DPHS/HOUSING	Not meeting the target	Poor
Hencon Pulana	Storm Damaged Projects	R22 760 628.87	R 9 210 736.00	Contract Expired	August 2013	May 2017	DPHS/HOUSING	Not meeting the target	Poor
Tshwara Thebe Construction	Storm Damaged Projects	R22 760 628.87	R 12 848 440.83	Contract Expired	August 2013	May 2017	DPHS/HOUSING	Not meeting the target	Poor
NM Quantity Surveyors	Storm Damaged Projects	R22 760 628.87	R 14 387 953.21	Contract Expired	August 2013	May 2017	DPHS/HOUSING	Not meeting the target	Poor
Cymax	Rectification Housing Project-	Cancelled	Cancelled	Cancelled	Cancelled	Cancelled	DPHS/HOUSING		Poor
Akusheshe	Rectification Housing Project- Ezakheni	Project completed in 2015/16 financial year. Close out report requested.					DPHS/HOUSING	contrat cancelled	Complete
Mandlethu	Rectification Housing Project	Cancelled	Cancelled	Cancelled	Cancelled	Cancelled	DPHS/HOUSING	contrat cancelled	Poor
Mgiftana	Rectification Housing Project	Cancelled	Cancelled	Cancelled	Cancelled	Cancelled	DPHS/HOUSING	contrat cancelled	Poor

Cwaninga Development Consultants	Review of the LED Strategy	R 433 200.00	R 249 000.00	Ongoing	Sep-16	Sep-17	DPHS/LED	Service provider performance affected by the poor response from stakeholders participating in the review of the LED Strategy	Good
Tsori Capital	Sourcing of funding	R 1.2 million	R 650 000.00	Ongoing	16-Mar-16	Ongoing	DPHS/LED	Projected achievement dates are not fairly met by the service provider	Fair
Olive Root Consulting	Compilation of business plan for centralisation of poultry	R 84 000.00	R 84 000.00	Completed	Jan-17	Mar-17	DPHS/LED	Business plan completed on time, currently service provider is consulting funders for the centralisation of poultry	Good
Maxode Trading	Service provider for Business Week	R 738 000.00	R 738 000.00	Completed	Feb-17	Feb-17	DPHS/LED		Fair

Assessment of External Service Providers: 2016/2017								
Service Provider	Project Description	Project Amount	Expenditure to Date	Progress to Date	Commencement Date	Completion Date	Responsible Department	Overall Performance
NURSING SISTERS: O K GOKUL AND Z AHIR	NURSES TO TAKE BLOOD SAMPLES FROM ALLEGED INTOXICATED DRIVERS	UTILISED FROM SALARY LINE ITEM	R69 800.00	ONGOING TILL CONTRACT IS UP FOR RENEWAL	17/01/17	16/01/20	COMMUNITY SERVICES, PUBLIC SAFETY	GOOD
WISE TRAINING CENTRE T/A WISE SECURITY DIVISION	SUPPLY AND DELIVERY OF SECURITY SERVICES AS AND WHEN REQUIRED - ADDENDUM	SECURITY LINE ITEM	R16 278 640.42	ONGOING TILL CONTRACT IS UP FOR RENEWAL	26/07/16	25/07/17	COMMUNITY SERVICES, PUBLIC SAFETY	GOOD
SIZOWAKHA SECURITY AND CLEANING SERVICES	PROVIDE SECURITY SERVICES TO INDAKA MUNICIPALITY - ADDENDUM	SECURITY LINE ITEM	R2 753 833.68	ONGOING TILL CONTRACT IS UP FOR RENEWAL	17/11/16	26/07/17	COMMUNITY SERVICES, PUBLIC SAFETY	GOOD
SIZOWAKHA SECURITY AND CLEANING SERVICES	PROVIDE VIP PROTECTION TO THE CHIEF WHIP - INDAKA MUNICIPALITY - ADDENDUM	SECURITY LINE ITEM	R998 640.00	ONGOING TILL CONTRACT IS UP FOR RENEWAL	18/08/16	26/07/17	COMMUNITY SERVICES, PUBLIC SAFETY	GOOD
BRANDFIN	SURVEILLANCE CAMERAS MAINTENANCE - ADDENDUM	MAINTENANCE CONTRACT	R343 088.55	ONGOING TILL CONTRACT IS UP FOR RENEWAL	07/01/17	07/06/17	COMMUNITY SERVICES, PUBLIC SAFETY	GOOD
PARKING MANAGEMENT SYSTEM - ITRAMAS	STREET PARKING SERVICES - COUNCIL RESOLUTION LC42/06/2014		NO EXPENSES		16-01-2015	15-01-2020	COMMUNITY SERVICES, PUBLIC SAFETY	POOR
LADYSMITH ANIMAL ANTI CRUELTY LEAGUE	PROVISION OF ANIMAL CAPTURE AND OTHER RELATED SERVICES	VET FEES LINE ITEM	R188 726.69	ONGOING TILL CONTRACT IS UP FOR RENEWAL	25-08-15	24-08-18	COMMUNITY SERVICES, PUBLIC SAFETY	GOOD
TRAFFIC SIGNALS	INSTALLATION AND TERMINATION OF UNDERGROUND ELECTRICAL CABLE AND EQUIPMENT ASSOCIATED WITH TRAFFIC SIGNALS & MAINTENANCE	MAINTENANCE CONTRACT	R139 712.6	ONGOING TILL CONTRACT IS UP FOR RENEWAL	28/05/14	27/05/17	COMMUNITY SERVICES, PUBLIC SAFETY	GOOD
AKHATECH	PROVISION OF FLEET MANAGEMENT SOFTWARE AND RELATED SERVICES		NO EXPENSES	ONGOING TILL CONTRACT IS UP FOR RENEWAL	16/09/14	15-09-2017	COMMUNITY SERVICES, PUBLIC SAFETY	GOOD

N N ALARMS SYSTEM	SUPPLY, INSTALLATION AND MAINTENANCE OF ALARM SYSTEM	MAINTENANCE CONTRACT	R15 099.98	ONGOING TILL CONTRACT IS UP FOR RENEWAL	15-06-15	14-06-18	COMMUNITY SERVICES, PUBLIC SAFETY	GOOD
TELKOM SA	PBX RENTAL SERVICE AGREEMENT	TELEPHONE LINE ITEM	PAYING TELEPHONE BILLS ON A MONTHLY BASIS	ONGOING TILL CONTRACT IS UP FOR RENEWAL	16/10/14	15/10/19	COMMUNITY SERVICES, PUBLIC SAFETY	GOOD
MAGNAS FS TRAFMAN	MAINTENANCE CONTRACT	MAINTENANCE CONTRACT	R157 787.40	ONGOING TILL CONTRACT IS UP FOR RENEWAL	01/07/17	30/06/18	COMMUNITY SERVICES, PUBLIC SAFETY	GOOD
DEPARTMENT OF TRAF	SCHOLAR CONTROL PATROL ATTENDANTS		R14 040.00	ONGOING TILL CONTRACT IS UP FOR RENEWAL	01/04/17	31/03/20	COMMUNITY SERVICES, PUBLIC SAFETY	GOOD
DEPARTMENT OF TRAF	SCHOOL CROSSING PATROL SERVICE		NO EXPENSES		08/05/17	07/05/20	COMMUNITY SERVICES, PUBLIC SAFETY	GOOD
DEPARTMENT OF TRAF	REVISED AGREEMENT: LICENSING FUNCTIONS - COUNCIL RESOLUTION LC4/12/2011		WE ARE THE AGENTS		01/03/17	31/02/2022	COMMUNITY SERVICES, PUBLIC SAFETY	GOOD
WORKING ON FIRE	TO PLAN, MANAGE, CONTROL A FIRE FIGHTING TEAM AND RESOURCES ALLOCATED		NO EXPENSES		01/04/14	31/03/17	COMMUNITY SERVICES, PUBLIC SAFETY	GOOD
AFRIRRENT VEHICLE TRACKING	VEHICLE TRACKING	TRACKING CONTRACT	R2 563 668.33	ONGOING TILL CONTRACT IS UP FOR RENEWAL	10/11/16	09/11/19	COMMUNITY SERVICES, PUBLIC SAFETY	GOOD
NAMBITHI PUMP AND EQUIPMENT	PS07/2015: APPOINTMENT OF SERVICE PROVIDERS TO CONDUCT MECHANICAL REPAIRS AND MAINTENANCE		CO-ORDINATED BY SUPPLY CHAIN		11-04-2016	10-04-2019	COMMUNITY SERVICES, PUBLIC SAFETY	GOOD
NKR BUSINESS ENTERPRISE	PS07/2015: APPOINTMENT OF SERVICE PROVIDERS TO CONDUCT MECHANICAL REPAIRS AND MAINTENANCE		CO-ORDINATED BY SUPPLY CHAIN		11-04-2016	10-04-2019	COMMUNITY SERVICES, PUBLIC SAFETY	GOOD

NATAL POWER TOOL DISTRIBUTORS	PS07/2015: APPOINTMENT OF SERVICE PROVIDERS TO CONDUCT MECHANICAL REPAIRS AND MAINTENANCE		CO-ORDINATED BY SUPPLY CHAIN		11-04-2016	10-04-2019	COMMUNITY SERVICES, PUBLIC SAFETY	GOOD
BARLOWORLD	PS07/2015: APPOINTMENT OF SERVICE PROVIDERS TO CONDUCT MECHANICAL REPAIRS AND MAINTENANCE		CO-ORDINATED BY SUPPLY CHAIN		12-04-2016	11-04-2019	COMMUNITY SERVICES, PUBLIC SAFETY	GOOD
NTT GM LADYSMITH	PS07/2015: APPOINTMENT OF SERVICE PROVIDERS TO CONDUCT MECHANICAL REPAIRS AND MAINTENANCE		CO-ORDINATED BY SUPPLY CHAIN		12-04-2016	11-04-2019	COMMUNITY SERVICES, PUBLIC SAFETY	GOOD
LADYSMITH AUTO ELECTRICAL	PS07/2015: APPOINTMENT OF SERVICE PROVIDERS TO CONDUCT MECHANICAL REPAIRS AND MAINTENANCE		CO-ORDINATED BY SUPPLY CHAIN		11-04-2016	10-04-2019	COMMUNITY SERVICES, PUBLIC SAFETY	GOOD
KZN SERVICE CENTRE	PS07/2015: APPOINTMENT OF SERVICE PROVIDERS TO CONDUCT MECHANICAL REPAIRS AND MAINTENANCE		CO-ORDINATED BY SUPPLY CHAIN		12-04-2016	11-04-2019	COMMUNITY SERVICES, PUBLIC SAFETY	GOOD
KLIPRIVER MOTORS PANELBEATERS AND SPRAYPAINTERS	PS07/2015: APPOINTMENT OF SERVICE PROVIDERS TO CONDUCT MECHANICAL REPAIRS AND MAINTENANCE		CO-ORDINATED BY SUPPLY CHAIN		13-04-2016	12-04-2019	COMMUNITY SERVICES, PUBLIC SAFETY	GOOD
DAVES PANELBEATERS	PS07/2015: APPOINTMENT OF SERVICE PROVIDERS TO CONDUCT MECHANICAL REPAIRS AND MAINTENANCE		CO-ORDINATED BY SUPPLY CHAIN		11-04-2016	10-04-2019	COMMUNITY SERVICES, PUBLIC SAFETY	GOOD
RASP CONSULTANTS CC T/A VIVAH SERVICE CENTRE	PS07/2015: APPOINTMENT OF SERVICE PROVIDERS TO CONDUCT MECHANICAL REPAIRS AND MAINTENANCE		CO-ORDINATED BY SUPPLY CHAIN		11-04-2016	10-04-2019	COMMUNITY SERVICES, PUBLIC SAFETY	GOOD
NEALS TYRES	PS07/2015: APPOINTMENT OF SERVICE PROVIDERS TO CONDUCT MECHANICAL REPAIRS AND MAINTENANCE		CO-ORDINATED BY SUPPLY CHAIN		11-04-2016	10-04-2019	COMMUNITY SERVICES, PUBLIC SAFETY	GOOD

NQASHELA SECURITY SERVICES PTY LTD	REFUSE REMOVAL AT INDAKA AREA	R 1 200 000.00	R 1 200 000.00	100%	07-07-2016	30/07/2017	COMMUNITY SERVICES: CLEANSING AND SOLID WASTE	GOOD
MQANTSA PROJECTS	PAVING AT E-SECTION SWIMMING POOL	R 86 000.00	R 38 000.00	Not yet completed	21-11-2016	Not yet completed	COMMUNITY SERVICES, PARKS AND GARDENS	Not Satisfactory
GATSHENI TRADING	SETTLERS PARK WINDOWS AND DOORS REPLACEMENT	R 16 503.00	R 16 503.00	Completed	28-11-2016	04-01-2017	COMMUNITY SERVICES, PARKS AND GARDENS	Good
NATURE24/7	RAZOR FENCE AT E- SECTION SWIMMING POOL	R 86 300.00	R 86 300.00	Completed	27-11-2016	24-02-2017	COMMUNITY SERVICES, PARKS AND GARDENS	Fair
SIBONGAKONKE	REPAIRS OF GYM EQUIPMENT AT COLENZO	R 24 200.00	R 24 200.00	0	13-02-2017	12-05-2017	COMMUNITY SERVICES, PARKS AND GARDENS	Fair
LIVINGSTONE	TRACTOR AND LAWN MOWER SUPPLY	R 105 468.24	R 105 468.24	Completed	09-03-2017	01-06-2017	COMMUNITY SERVICES, PARKS AND GARDENS	Good
MAGNAVOLT	PERSONAL PROTECTIVE CLOTHING	R 359 790.84	R 359 790.84	Completed	07-03-2017	29-06-2017	COMMUNITY SERVICES, PARKS AND GARDENS	Good
PROCUREMENT OF PLANT AND EQUIPMENT		R 5 000 000.00					COMMUNITY SERVICES, PUBLIC SAFETY	
Marce Projects (Pty Ltd	23-02-17 Mercedes Benz – Fire Engine – NKR 1 ZN – purchased and delivered	R 3 869 117.43	Nil		23-02-2017			Fire Engine is fairly new
State Tender	17-05-17 - BMW X5 – NKR 43086 – purchased and delivered	R 922 000.00	R 4 850.11		17-05-2017			Vehicle is fairly new

Assessment of External Service Providers: 2016/2017						Municipal Manager's Office	
Service Provider	Project Description	Project Amount	Expenditure to Date	Commencement Date	Completion Date	Responsible Department	Overall Performance
Judy Magwaza	Youth Summit	R 307 008.00	R 307 008.00	02-12-16		Municipal Manager's Office	Good
Judy Magwaza	Nyusi Volume	R 1 838 250.00	R 1 838 250.00	2016-12-03	2016-12-03	Municipal Manager's Office	Good
Judy Magwaza	Salga Games	R 1 199 717.22	R 1 199 717.22	10-12-16	14-12-16	Municipal Manager's Office	Good
Maxode	Sona	R 289 585.65	R 289 585.65	09-02-17	09-02-17	Municipal Manager's Office	Good
Maxode	Premiers Forum	R 288 515.38	R 288 515.38	23-06-17	23-06-17	Municipal Manager's Office	Good
Maxode	Soma	R 1 545 726.37	R 1 545 726.37	24-06-17	24-06-17	Municipal Manager's Office	Good

ANNEXURE "B"

ANNUAL PERFORMANCE

REPORT: 2016/2017

FINAL AMENDED ANNUAL PERFORMANCE REPORT: FINANCIAL YEAR 2016/2017																			
IDP/ SDBIP Indicator Number	National Key Performance Area	Strategic Objective	Key Performance Indicator	Baseline 2015/2016				Unit of Measure/ Calculator	2016/2017						Reason for Not Achieving	Corrective Measures	Responsible Department	Portfolio of Evidence	Wards
				Target	Actual	Annual Budget	Budget Spent		Details of the Key Performance Indicator	Annual Target	Annual Achieved	Annual Budget	Line Item	Budget Spent					
2016/17/01	Municipal Transformation and Institutional Development	To ensure that there is an alignment between IDP, Budget and PMS by 30 June 2017	Compilation and approval by Council of a credible IDP, SDBIP and Budget by 30 June 2017	Approved and aligned Budget, SDBIP and IDP by 30 June 2016	Achieved: Budget, SDBIP and IDP are aligned by 30 June 2016 (11/02/2016)	R 304,900.00	R 298,042.25	Date	Ensuring that the credible IDP, SDBIP and Budget are compiled and approved by Council by 30 June 2017	Council approved and aligned Budget, SDBIP and IDP by 30 June 2017	Achieved: Council approved and aligned Budget, SDBIP and IDP on the 28 June 2017	N/A	N/A	N/A	N/A	N/A	Municipal Manager's Office- PMS Section	Council Minutes and Council Resolutions	N/A
2016/17/02		To implement an effective Human Resources Management and Development through Work Skills Plan	Conducting of training and capacity building programmes for officials and councillors by 30 June 2017	120 officials and 53 councillors to undergo training and capacity building programmes by 30 June 2016	Achieved: 427 officials and councillors have been trained as at 30/06/2016	R 2,020,245.00	R 1,686,432.85	Number of Trainings and Capacity building programmes	Providing 8 training and capacity building programmes to Municipal officials and Councillors	Conduct 8 trainings and Capacity building programmes for officials and councillors by 30 June 2017	Achieved: 16 Training and Capacity building programme to be facilitated and conducted in the 2016/2017 financial year				N/A	N/A	Corporate Service	Training Programmes and attendance registers	N/A
2016/17/03			Percentage of municipality's budget spent on implementing training and capacity building programmes (workplace skills plan) by 30 June 2017	90% of training budget to be spent on training and capacity building programmes for staff members and councillors by 30 June 2016	Achieved: 98% of training budget spent on capacity building programmes as at 30/06/2016	R 2,020,245.00	R 1,686,432.85	Percentage	Spending 100% of a municipality's budget on implementing training and capacity building programmes for officials and Councillors (work skills plan)	100% of municipality's training budget to be spent on training capacity building programmes (workplace skills plan) by 30 June 2017	Achieved: 100%	R 1 500 000.00	110532215	R 1 515 070.38		N/A	Corporate Service	Training Programmes and attendance registers, Invoice of Service Providers and Munssoft Budget printouts	N/A
2016/17/04			Number of people from employment equity target groups employed in the three highest levels of management in compliance with the approved employment equity plan throughout the 2016/2017 financial year	8 employees from employment equity target groups employed in the three highest levels of management (section 54, 56 and salary grade 18) in compliance with the approved employment equity plan throughout the 2016-2016 financial year	7 employees from employment equity target groups employed in the three highest levels of management (section 54, 56 and salary grade 18) in compliance with the approved employment equity plan throughout the 2016-2016 financial year	R 23,560,366.00	Salaries as per Semsas printout	Number	Ensuring that 8 people are employed from employment equity target groups in the three highest levels of management in compliance with the approved employment equity plan throughout the 2016/2017 financial year	8 employees from employment equity target groups employed in the 3 highest levels of Management (Section 54, 56 and task grade 18) in compliance with the approved employment equity plan throughout the 2016/2017 financial year	Partially Achieved: 8 employees from employment equity target groups employed in the 3 highest levels of Management (Section 54, 56 and task grade 18) in compliance with the approved employment equity plan throughout the 2016/2017 financial year	Salaries Budget			Partially Achieved- Council has combined the electricity dept as well as public works. The post no longer exists.	In the 2017/2018 financial year the target will change to reflect 8 Employees from employment equity target groups employed in the 3 highest levels of Management	Corporate Service	Appointment Letters and monthly salary run	N/A
2016/17/05		To create a conducive environment for the youth to enter labour market	Number of graduates appointed for mass skilling programme by 30 June 2017	14 post graduates and 13 matriculants appointed for mass skilling programme by 30 June 2016	Achieved: 27 Beneficiaries 12 post graduates and 15 matriculants appointed for mass skilling programme by 30 June 2016	R 1,200,000.00	R 976,387.37	Number	Recruitment of 40 graduates for mass skilling programme	40 graduates appointed for mass skilling programme by 30 June 2017	Achieved- 40 graduates appointed for mass skilling programme by 30 June 2017	R 1 200 000.00	110152654	R 674 994.73	N/A	N/A	Corporate Service	List of beneficiaries and Munssoft Budget printouts	N/A
2016/17/06			Number of interns employed in the Finance Department throughout the financial year 2016/2017	8 interns appointed in the finance department by 30 June 2016	Not Achieved: 3 Interns appointed as at 30/06/2016	R 1,600,000.00	R 1,600,000.00	Number	Recruitment of 5 interns in the Finance Department throughout the financial year 2016/2017	5 Interns employed in the Finance department throughout the financial year 2016/2017	Achieved- 5 interns employed in the Finance department throughout the financial year 2016/2017	R 800 000.00	111151026	R 714 771.67	N/A	N/A	Corporate Service	List of beneficiaries and Munssoft Budget printouts	N/A
2016/17/07			To ensure that Service Level Agreements for service providers doing business with the Municipality (Capital Projects) are in place	Compilation of Service Level Agreements for all service providers undertaking capital projects by 30 June 2017	100% of all Service Level Agreements for service providers appointed to undertake capital projects to be in place by the 30th of June 2016	Achieved: 100% of all Service Level Agreements for service providers appointed to undertake capital projects are in place by 30 June 2016	N/A	Percentage	Ensuring that 100% level agreements for all service providers undertaking capital projects are in place	100% of all Service Level Agreements for service providers appointed to undertake capital projects to be in place by the 30th of June 2017	Achieved: 100% of all Service Level Agreements for service providers appointed to undertake capital projects are in place as at 30 June 2017	N/A	N/A	N/A	N/A	N/A	Corporate Service	Awarded list of agreements from Supply Chain and Signed Service Level Agreements	N/A
2016/17/08		To ensure that Law Enforcement is conducted	Conducting of 12 road blocks to enforce traffic legislation by 30 June 2017	New Target	N/A	N/A	N/A	Number	Ensuring that 12 road blocks are conducted to enforce traffic legislation	12 road blocks to be conducted by 30 June 2017	Achieved - 23 road blocks conducted by 30 June 2017	N/A	N/A	N/A	N/A	N/A	Community Services	Reports to portfolio Committee	N/A
2016/17/09		To promote compliance with Road Traffic Act	Processing of all vehicles' applications received by 30 June 2017	New Target	N/A	N/A	N/A	Percentage	Ensuring that 100% of all received vehicles applications are processed	100% processing of all vehicles' applications received by 30 June 2017	Achieved- 100% processing of all vehicles' applications received by 30 June 2017	N/A	N/A	N/A	N/A	N/A	Community Services	Reports to portfolio Committee	N/A
2016/17/10		To conduct testing and issuing of learners' licences and Driving Licences	Issuing of learners' licences and Driving Licences to all successful applicants tested by 30 June 2017	New Target	N/A	N/A	N/A	Percentage	Ensuring 100% issuing of learners' licences and driving licences to all successful applicants tested by 30 June 2017	100% issuing of learners' licences and driving licences to all successful applicants tested by 30 June 2017	Achieved- 100% issuing of learners' licences and driving licences to all successful applicants tested as at 30 June 2017	N/A	N/A	N/A	N/A	N/A	Community Services	Reports to portfolio Committee	N/A
2016/17/11		To ensure security and public safety management (Fleet)	Installation of Vehicle Tracking System on all municipal vehicles during the 2016/2017 financial year	New Target	N/A	N/A	N/A	Percentage	Ensuring 100% installation of tracking system on all municipal vehicles during the 2016/2017 financial year	100% installation of tracking system on all municipal vehicles during the 2016/2017 financial year	Achieved- 100% installation of tracking system on all municipal vehicles during the 2016/2017 financial year	N/A	N/A	N/A	N/A	N/A	Community Services	Reports to portfolio Committee	N/A
2016/17/12	Good Governance, Public Participation & Ward Committee	To ensure that monthly EXCO meetings are convened	Coordination of monthly ordinary EXCO meetings by the end of 30 June 2017	12 Ordinary EXCO Meetings convened by 30 June 2016	Achieved: 14 Ordinary EXCO meetings convened by 30 June 2016	N/A	N/A	Number	Coordination of 12 monthly EXCO meetings by the end of June 2017.	12 Monthly ordinary EXCO Meetings convened by 30 June 2017	Achieved- 12 Monthly ordinary EXCO Meetings convened by 30 June 2017	N/A	N/A	N/A	N/A	N/A	Corporate Services	Agendas, Attendance Registers and Minutes of EXCO meetings	N/A
2016/17/13		To ensure that Council meetings are held on a monthly basis	Coordination of monthly ordinary Council meetings by the end of 30 June 2017	12 Ordinary Council Meetings convened by 30 June 2016	Achieved: 12 Ordinary Council meetings convened by 30 June 2016	N/A	N/A	Number	Coordination of 12 monthly ordinary Council meetings before the end of June 2017	12 Monthly ordinary Council Meetings convened by 30 June 2017	Achieved- 12 Monthly ordinary Council Meetings convened by 30 June 2017	N/A	N/A	N/A	N/A	N/A	Corporate Services	Agendas, Attendance Registers and Minutes of Council meetings	N/A
2016/17/14		To ensure that Audit Committee meetings are held on a quarterly basis	Coordination of quarterly Audit Committee meetings by the end June 2017	New Target	N/A	N/A	N/A	Number	Coordination of 4 quarterly Audit Committee meetings by the end June 2017	4 Quarterly Audit Committee Meetings convened by 30 June 2017	Achieved- 4 Quarterly Audit Committee Meetings convened by 30 June 2017	R 847 800.00	110192425	R 266 444.93	N/A	N/A	Municipal Manager's Office- Internal Audit and PMS Sections	Attendance Registers and Minutes of AC meetings	N/A
2016/17/15		To ensure that monthly MPAC meetings are convened	Coordination of monthly ordinary MPAC meetings by the end of June 2017	12 Ordinary MPAC Meetings convened by 30 June 2016	Not Achieved: 09 Ordinary MPAC meetings convened by 30 June 2016	N/A	N/A	Number	Coordination of 12 monthly MPAC meetings by the end of June 2017	12 Monthly ordinary MPAC Meetings convened by 30 June 2017	Partially Achieved- 9 Monthly ordinary MPAC Meetings convened by 30 June 2017	N/A	N/A	N/A	Partially Achieved- July 2016 no meetings were held due to the preparations for elections. August 2016 meeting was not held because the Municipality was busy with the establishment of committees after elections. December 2016 no meeting was held due to no quorum.	Once all the necessary committees were established, this Committee could function.	Corporate Services	Agendas, Attendance Registers and Minutes of MPAC meetings	N/A
2016/17/16		To ensure that Back to Basics Reports are submitted to EXCO	Submission of monthly Back to Basics reports to ordinary EXCO by 30 June 2017	12 monthly Back to Basic reports submitted to EXCO by 30 June 2016	Achieved: 12 monthly Back to Basic reports submitted to EXCO by 30 June 2016	N/A	N/A	Number	Ensuring the submission of 12 monthly Back to Basics report to ordinary EXCO by 30 June 2017	12 monthly Back to Basic reports submitted to Exco by 30 June 2017	Achieved- 12 monthly Back to Basic reports submitted to Exco by 30 June 2017	N/A	N/A	N/A	N/A	N/A	Corporate Services	Back to Basics Reports, Agendas, Attendance Registers and Minutes of EXCO meetings	N/A
2016/17/17		To ensure the provision of Library Services	Conduction of outreach programmes throughout 2016/2017 financial year	New Target	N/A	N/A	N/A	Number	Ensuring that 25 outreach programmes are conducted throughout the 2016/2017 financial year	25 Outreach programmes conducted by 30 June 2017	Achieved- 43 Outreach programmes conducted as at 30 June 2017	R 50 000.00	113322665	R 0.00	N/A	N/A	Community Services	Reports to Portfolio Committee	All
2016/17/18	Local Economic Development	Local Economic Development	Number of job opportunities created through the Municipal LED Initiatives by 30 June 2017	650 Job opportunities created through the LED Initiatives including capital projects by 30 June 2016	Achieved: 1205 jobs created - 87 Jobs from LED Initiatives and 1118 Jobs through capital projects by 30 June 2016	R 4,519,000.00	R 4,513,000.00	Number	Creation of 150 job opportunities through the LED Initiatives by 30 June 2017	150 job opportunities created through the Municipal LED Initiatives by 30 June 2017	Partially Achieved- 105 job opportunities created through the Municipal LED Initiatives as at 30 June 2017	N/A	N/A	N/A	Partially achieved due to budget constraints	To review targets for next financial year in line with the Budget availability. The Department to also request assistance from other Sector Departments to increase the number of co-operatives assisted	Development Planning and Human Settlements	ID copies, registration documents, Munssoft printouts	N/A
2016/17/19			Number of jobs created through municipal capital projects by 30 June 2017	New Target	N/A	N/A	N/A	Number	Creation of 150 job opportunities through municipal capital projects by 30 June 2017	150 jobs created through municipal capital projects by 30 June 2017	Achieved- 150 jobs created through municipal capital projects as at 30 June 2017	N/A	N/A	N/A	N/A	N/A	Infrastructure and Services	EPWP System Printouts	All
2016/17/20		To ensure that the LED Policy is adopted	Provision of support to SMME's and Co-ops through LED Initiatives by 30 June 2017	60 SMMEs and Co-ops supported through LED Initiatives by 30 June 2016	Achieved: 127 SMME's and Co-operatives supported through LED Initiatives by 30 June 2016	R 1,756,768.00	R 2,320,126.00	Number	Supporting 60 established SMME's and Co-ops through LED Initiatives by 30 June 2017	60 SMMEs and Co-ops supported by 30 June 2017	Achieved- 295 SMME's and co-ops supported as at 30 June 2017	R 1 198 170.00	117052203, 117052316, 117052323, 117052494, 117052502	R 1 378 276.28	N/A	N/A	Development Planning and Human Settlements	Attendance registers, SLA's	All
2016/17/21			Compilation and adoption of the LED Policy by Council on the 30 June 2017	Approved LED Policy by 30 June 2016	Achieved: The LED Policy was adopted by Council on 30 June 2016	N/A	N/A	Date	Ensuring the compilation and adoption of LED policy by 30 June 2017	LED Policy compiled and approved by Council on the 30 June 2017	Achieved - LED Policy was approved by Council on 15 December 2016	R 657 700.00	117052502	R 1 165 650.97	N/A	N/A	Development Planning and Human Settlements	LED and Tourism Strategy and council resolutions	N/A
2016/17/22	Spatial and Environmental Management	To facilitate the development of arts and culture and preservation of heritage	Implementation of arts and cultural development plan by 30 June 2017	22 events implemented as per the arts and culture development plan by 30 June 2016	Achieved: 33 events implemented as per the arts and culture development plan by 30 June 2016	R 532,000.00	R 315,314.86	Number	Implementation of 21 planned arts and cultural development events by 30 June 2017	21 events implemented as per arts and culture development plan by 30 June 2017	Achieved: 21 Events hosted as per the arts and culture plan as at 30 June 2017	R 340 000.00	117012462, 117012543, 117012214	R 227 072.82	N/A	N/A	Development Planning and Human Settlements	Arts and Cultural development plan, Agenda and notice of programme and attendance registers	All
2016/17/23		To ensure Improvement Land Use Management	Adoption of the Spatial Development Framework (SDF) by Council by 30 June 2017	Revised of the Spatial Development Framework by Council before 30 June 2016	Achieved: Adopted by Council on 28 May 2016.	N/A	N/A	Date	Ensuring that the Spatial Development Framework is adopted by Council by 30 June 2017	Adoption of the Spatial Development Framework (SDF) by Council by 30 June 2017	Achieved- Adopted by Council on 29 June 2017	N/A	N/A	N/A	N/A	N/A	Development Planning and Human Settlements	Council Resolutions	N/A
2016/17/24	Spatial and Environmental Management	To ensure Improvement Land Use Management	Securing Funding for the development of a Legally Compliant Land Use Management Scheme by 30 June 2017	New Target	N/A	N/A	N/A	Date	Ensuring that the Funding for development of a Legally Compliant Land Use Management Scheme is secured by 30 June 2017	Memorandum of Understanding signed between Alfred Duma Municipality and Cooperative Governance Traditional Affairs by 30 June 2017	Achieved- Memorandum of Understanding signed on 19 May 2017	R 1 000 000.00	N/A	N/A	N/A	N/A	Development Planning and Human Settlements	Copy of the Memorandum of understanding	N/A

2016/17/25			Provision of access to recreational parks to the public (Wimpy, Kipbank, Ezakheni A, Colenso, Steadville, Ezakheni C1 and Ezakheni E Section) throughout the financial year 2016/2017	6 recreation parks availed to the public (Wimpy, Kipbank, Ezakheni A, Colenso, Steadville and Ezakheni C1) throughout the financial year	Achieved: 6 recreation parks availed to the public (Wimpy, Kipbank, Ezakheni A, Colenso, Steadville and Ezakheni C1) throughout the financial year- 30 June 2016			Number	Ensuring that 7 recreation parks (Wimpy, Kipbank, Ezakheni A, Colenso, Steadville, Ezakheni C1 and Ezakheni E Section) are provided to the public throughout the 2016/2017 financial year.	7 Recreational Parks availed to the public (Wimpy, Kipbank, Ezakheni A, Colenso, Steadville, Ezakheni C1 and Ezakheni E Section) throughout the 2016/2017 financial year	Achieved: 7 Recreational Parks availed to the public (Wimpy, Kipbank, Ezakheni A, Colenso, Steadville, Ezakheni C1 and Ezakheni E Section) throughout the 2016/2017 financial year	R 46 250.00	113313336	R 48 710.01	N/A	N/A	Community Services	Staff Registers, Bin Cards, Procurement Forms, Monthly/weekly reports	2, 5, 8, 11, 12, 21, 25
2016/17/26			Provision of access to Sports facilities, to the public (Settlers, Kandahar 1 and 2, Agra, AG Magubane, Ezakheni D, St Chads, Roosboom, Acaciavale, Indoor, Vishnu, Matiwane, Limit Hill and Nazareth) throughout the financial year 2016/2017	12 Sports Facilities (Kandahar 1&2, Settlers, Agra, Limit Hill, AG Magubane, Ezakheni D, St Chads, Roosboom, Acaciavale, Indoor, Driefontein and Vishnu) availed to the public throughout the financial year	Achieved: 12 Sports Facilities (Kandahar 1&2, Settlers, Agra, Limit Hill, AG Magubane, Ezakheni D, St Chads, Roosboom, Acaciavale, Indoor, Driefontein and Vishnu) availed to the public throughout the financial year- 30 June 2016			Number	Ensuring that 14 sports facilities (Settlers, Kandahar 1 and 2, Agra, AG Magubane, Ezakheni D, St Chads, Roosboom, Acaciavale, Indoor, Vishnu, Matiwane, Limit Hill and Nazareth) are provided to the public throughout the 2016/2017 financial year.	14 Sports Facilities availed to the public (Settlers, Kandahar 1 and 2, Agra, AG Magubane, Ezakheni D, St Chads, Roosboom, Acaciavale, Indoor, Vishnu, Matiwane, Limit Hill and Nazareth) throughout the 2016/2017 financial year.	Achieved: 14 Sports Facilities availed to the public (Settlers, Kandahar 1 and 2, Agra, AG Magubane, Ezakheni D, St Chads, Roosboom, Acaciavale, Indoor, Vishnu, Matiwane, Limit Hill and Nazareth) throughout the 2016/2017 financial year	R 426 400.00	113313123	R 383 256.71	N/A	N/A	Community Services	Staff Registers, Bin Cards, Procurement Forms, Monthly/weekly reports	4, 7, 10, 11, 12, 13, 20, 21, 16, 22, 24, 27, 34
2016/17/27			Provision of access for burial plots in Municipal Cemeteries to the public (Ndombi, Lady Smith, Ekuvukeni, Zikhoni and Colenso) throughout the 2016/2017 financial year.	Burial plots in 4 municipal cemeteries (Ndombi, Lady Smith, Ekuvukeni, Zikhoni and Colenso) will be availed to the public throughout the year	Achieved: 4 Burial plots in 4 municipal cemeteries (Ndombi, Lady Smith, Ekuvukeni, Zikhoni and Colenso) will be availed to the public throughout the year - 30 June 2016			Number	Ensuring that 5 Burial plots in Municipal Cemeteries (Ndombi, Lady Smith, Ekuvukeni, Zikhoni and Colenso) are provided to the public throughout the 2016/2017 financial year	Burial plots in 5 municipal cemeteries (Ndombi, Lady Smith, Ekuvukeni, Zikhoni and Colenso) will be availed to the public throughout the 2016/2017 financial year	Achieved: 5 Burial plots in 5 municipal cemeteries (Ndombi, Lady Smith, Ekuvukeni, Zikhoni and Colenso) will be availed to the public throughout the 2016/2017 financial year	R 128 000.00	113312325	R 114 521.89	N/A	N/A	Community Services	Staff Registers, Bin Cards, Procurement Forms, Monthly/weekly reports	10, 8, 25, 20, 34
2016/17/28		To ensure access to municipal social facilities	Number of municipal swimming pools accessible to the public (White road, Agra, Colenso, Limit Hill, St Chads, Ezakheni C and E Sections) throughout 2016/2017 financial year	5 swimming pools availed to the public during the spring and summer season (Agra, Colenso, Limit Hill, St Chads and White Road Swimming Pools) throughout the financial year - 30 June 2016	Achieved: 5 swimming pools availed to the public during the spring and summer season (Agra, Colenso, Limit Hill, St Chads and White Road Swimming Pools) throughout the financial year - 30 June 2016			Number	Ensuring that 7 Swimming Pools (White road, Agra, Colenso, Limit Hill, St Chads and Ezakheni C and E Sections) are provided to the public throughout the 2016/2017 financial year	7 Swimming pools (White road, Agra, Colenso, Limit Hill, St Chads and Ezakheni C and E Sections) availed to the public throughout the 2016/2017 financial year	Achieved: 7 Swimming pools (White road, Agra, Colenso, Limit Hill, St Chads and Ezakheni C and E Sections) availed to the public throughout the 2016/2017 financial year	R 350 560.00	113312328	R 283 000.84	N/A	N/A	Community Services	Staff Registers, Bin Cards, Procurement Forms, Monthly/weekly reports	1, 8, 10, 25, 22, 27, 12
2016/17/29			Provision of access to community halls to the public (TOWN, CIVIC, INDOOR SPORT, LIMIT HILL, TSAKANE, STEADVILLE, STEADVILLE AREA J, C SECTION, B SECTION, E SECTION, NKANYEZI, COLENSO TOWN, COLENSO MULTI-PURPOSE CENTRE, WATERSMEET, KIRKITULOCK, PEACETOWN, BURFORD, EMAMHUKWINI, VAN REENEN, BLUE BLANK, ROOSBOOM, MATIWANE, JONONOSKOP, MTATANI, MATHONDWANE, PIETERS, KLEINFONTEIN, LUCITANIA, EZIMBUZINI, MCITSHENI, INKUNZI, MTHANDI, NKUTHU, CRIMIN, EKUVUKENI, ETHOLENI, KWAMTEYI) throughout the financial year 2016/2017	33 Community Halls in TOWN, CIVIC, INDOOR SPORT, LIMIT HILL, TSAKANE, STEADVILLE, STEADVILLE AREA J, C SECTION, B SECTION, E SECTION, NKANYEZI, COLENSO TOWN, COLENSO MULTI-PURPOSE CENTRE, WATERSMEET, KIRKITULOCK, PEACETOWN, BURFORD, EMAMHUKWINI, VAN REENEN, BLUE BLANK, ROOSBOOM, MATIWANE, JONONOSKOP, MTATANI, MATHONDWANE, PIETERS, KLEINFONTEIN, LUCITANIA, EZIMBUZINI, MCITSHENI, INKUNZI, MTHANDI, NKUTHU, CRIMIN, EKUVUKENI, ETHOLENI, KWAMTEYI) throughout the financial year	Achieved: 33 Community Halls in TOWN, CIVIC, INDOOR SPORT, LIMIT HILL, TSAKANE, STEADVILLE, STEADVILLE AREA J, C SECTION, B SECTION, E SECTION, NKANYEZI, COLENSO TOWN, COLENSO MULTI-PURPOSE CENTRE, WATERSMEET, KIRKITULOCK, PEACETOWN, BURFORD, EMAMHUKWINI, VAN REENEN, BLUE BLANK, ROOSBOOM, MATIWANE, JONONOSKOP, MTATANI, MATHONDWANE, PIETERS, KLEINFONTEIN, LUCITANIA, EZIMBUZINI, MCITSHENI, INKUNZI, MTHANDI, NKUTHU, CRIMIN, EKUVUKENI, ETHOLENI, KWAMTEYI) are provided to the public throughout the year	R 102,328.00	R 94,139.85	Number	Ensuring that 37 community halls (TOWN, CIVIC, INDOOR SPORT, LIMIT HILL, TSAKANE, STEADVILLE, STEADVILLE AREA J, C SECTION, B SECTION, E SECTION, NKANYEZI, COLENSO TOWN, COLENSO MULTI-PURPOSE CENTRE, WATERSMEET, KIRKITULOCK, PEACETOWN, BURFORD, EMAMHUKWINI, VAN REENEN, BLUE BLANK, ROOSBOOM, MATIWANE, JONONOSKOP, MTATANI, MATHONDWANE, PIETERS, KLEINFONTEIN, LUCITANIA, EZIMBUZINI, MCITSHENI, INKUNZI, MTHANDI, NKUTHU, CRIMIN, EKUVUKENI, ETHOLENI, KWAMTEYI) are provided to the public throughout the 2016/2017 financial year	37 community halls in TOWN, CIVIC, INDOOR SPORT, LIMIT HILL, TSAKANE, STEADVILLE, STEADVILLE AREA J, C SECTION, B SECTION, E SECTION, NKANYEZI, COLENSO TOWN, COLENSO MULTI-PURPOSE CENTRE, WATERSMEET, KIRKITULOCK, PEACETOWN, BURFORD, EMAMHUKWINI, VAN REENEN, BLUE BLANK, ROOSBOOM, MATIWANE, JONONOSKOP, MTATANI, MATHONDWANE, PIETERS, KLEINFONTEIN, LUCITANIA, EZIMBUZINI, MCITSHENI, INKUNZI, MTHANDI, NKUTHU, CRIMIN, EKUVUKENI, ETHOLENI, KWAMTEYI) are provided to the public throughout the 2016/2017 financial year	Achieved: 37 community halls in TOWN, CIVIC, INDOOR SPORT, LIMIT HILL, TSAKANE, STEADVILLE, STEADVILLE AREA J, C SECTION, B SECTION, E SECTION, NKANYEZI, COLENSO TOWN, COLENSO MULTI-PURPOSE CENTRE, WATERSMEET, KIRKITULOCK, PEACETOWN, BURFORD, EMAMHUKWINI, VAN REENEN, BLUE BLANK, ROOSBOOM, MATIWANE, JONONOSKOP, MTATANI, MATHONDWANE, PIETERS, KLEINFONTEIN, LUCITANIA, EZIMBUZINI, MCITSHENI, INKUNZI, MTHANDI, NKUTHU, CRIMIN, EKUVUKENI, ETHOLENI, KWAMTEYI) are provided to the public throughout the 2016/2017 financial year	R 151 671.00	113333302	R 111 686.25	N/A	N/A	Community Services	Staff Registers, Bin Cards, Procurement Forms, Monthly/weekly reports	All
2016/17/30			Provision of access to community Thusing facilities to the public throughout the financial year 2016/2017	4 Thusing Facilities: St Chads, Roosboom, Driefontein and Watersmeet to be maintained by 30 June 2016	Achieved: 4 Thusing Facilities: St Chads, Roosboom, Driefontein and Watersmeet maintained throughout 2016/2016 financial year	R 820,000.00	R 698,473.00	Number	Ensuring that 5 Community Thusing Facilities (St Chads, Roosboom, Driefontein, Watersmeet and Ekuvukeni) are provided to the public throughout the 2016/2017 financial year	5 Community Thusing facilities (St Chads, Roosboom, Driefontein, Watersmeet and Ekuvukeni) availed to the public throughout the 2016/2017 financial year	Achieved: 5 Community Thusing facilities (St Chads, Roosboom, Driefontein, Watersmeet and Ekuvukeni) availed to the public throughout the 2016/2017 financial year	R 105 000.00	113332230	R 103 253.12	N/A	N/A	Community Services	Staff Registers, Bin Cards, Procurement Forms, Monthly/weekly reports	27, 13, 16, 18, 34
2016/17/31			The percentage of households with access to basic electricity in the Municipal supplied area by 30 June 2017.	100% of households with access to basic electricity in the Municipal supplied urban area	Achieved: 100% of households with access to basic electricity in the Municipal supplied urban area	R 4,763,355.00	R 5,024,645.50	Percentage	Ensuring 100% of households with access to basic electricity in the Municipal supplied urban area by 30 June 2017	100% of households with access to basic electricity in the Municipal supplied Area by 30 June 2017	Achieved: 100% of households with access to basic electricity in the Municipal supplied Area as at 30 June 2017	R 203 126 297.38	115082185, 115082186, 115022185, 115022186	R 204 585 534.81	N/A	N/A	Infrastructure and Services- Electricity	MUNSOF Printouts	All
2016/17/32		To ensure improved access to basic services	The number of households with access to basic electricity in the ESKOM supplied area by 30 June 2017.	Number of households with access to basic electricity in the ESKOM supplied area	Achieved: 51 875 of households with access to basic electricity in the Eskom area	N/A	N/A	Number	Ensuring that 51875 of households receive access to basic electricity in the Eskom area by 30 June 2017	51 875 of households with access to basic electricity in the Eskom area by 30 June 2017	Achieved: 58355 of households with access to basic electricity in the ESKOM supplied Area as at 30 June 2017	N/A	N/A	N/A	N/A	N/A	Infrastructure and Services- Electricity	Customer List from ESKOM and Schedule 58 Projects implemented by the Municipality	All
2016/17/33			The percentage of households with access to basic solid waste removal in the Urban Area by 30 June 2017	82% of households with access to basic solid waste removal in the urban areas	Achieved: 100% of households with access to basic solid waste removal in the urban areas	R 3,932,600	R 3,513,558.86	Percentage	Ensuring 100% of households receive access to basic solid waste removal in the urban area by 30 June 2017	100% of households with access to basic solid waste removal in the urban area by 30 June 2017	Achieved: 100% of households with access to basic solid waste removal in the urban area as at 30 June 2017	R 3 668 556.00	113292220	R 7 052 442.41	N/A	N/A	Community Services	Monthly Reports to Portfolio Committee meeting and Annual Munsoft Printout	All
2016/17/34			The percentage of households with access to basic solid waste removal in the rural areas (Ulvaal, Ekuvukeni and Waaihoek) by 30 June 2017	Weekly Households refuse collection at Ulvaal, Ekuvukeni and Waaihoek	Achieved: Weekly Households refuse collected at Ulvaal, Ekuvukeni and Waaihoek	N/A	N/A	Percentage	Ensuring 100% of households receive access to basic solid waste removal in rural areas (Ulvaal, Ekuvukeni and Waaihoek) by 30 June 2017	100% of households with access to basic solid waste removal in the rural area (Ulvaal, Ekuvukeni and Waaihoek) by 30 June 2017	Achieved: 100% of households with access to basic solid waste removal in the rural area as at 30 June 2017	R 1 000 000.00	113292290	R 1 157 080.00	N/A	N/A	Community Services	Refuse collection Forms	35, 33, 31
2016/17/35			The number of households earning less than R2840 per month with access to free basic services by 30 June 2017	12533 number of households earning less than R2840 per month with access to free basic services	Achieved: 13 492 number of households earning less than R2840 per month with access to free basic services	R 20 492 620	R 20 715 462	Number	Ensuring that 3353 households earning less than R2840 per month receive access to free basic services by 30 June 2017	3353 number of households earning less than R2840 per month with access to free basic services	Achieved: 3353 number of households earning less than R2840 per month with access to free basic services	R 16 435 671.38	110032146, 115012434, 115012533, 113292433	R 8 667 012.34	N/A	N/A	Finance	Munsoft Printouts, indigent register	N/A+D42 T4 2+O42 T42
2016/17/36			The percentage of households earning less than R2840 per month with access to free basic services by 30 June 2017	80% of households earning less than R2840 per month with access to free basic services	Achieved: 99.34% of households earning less than R2840 per month with access to free basic services	R 20,492,620	R 20,715,462	Percentage	Ensuring 80% of households earning less than R2840 per month receive access to free basic services by 30 June 2017	80% of households earning less than R2840 per month with access to free basic services by 30 June 2017	Achieved: 100% of households earning less than R2840 per month with access to free basic services as at 30 June 2017	R 16 435 671.38	110032146, 115012434, 115012533, 113292433	R 8 667 012.34	N/A	N/A	Finance	Munsoft Printouts, indigent register	N/A
2016/17/37			Construction of 1.4Kms Tarmred Roads in Ward 2 (29°55'26.81"E 28°35'51.762"S) by 30 June 2017	New Target	N/A	N/A	N/A	KMs	Construction of 1.4Kms of tarmred roads in Ward 2 (29°55'26.81"E 28°35'51.762"S) by 30 June 2017	1.4Kms of tarmred roads in Ward 2 (29°55'26.81"E 28°35'51.762"S) to be constructed by 30 June 2017	Achieved: 1.4Kms of tarmred roads in Ward 2 (29°55'26.81"E 28°35'51.762"S) constructed by 30 June 2017	R 5 000 000.00	370031061	R 4 037 417.00	N/A	N/A	Infrastructure and Services	Copy of bid documents, letter of appointment, site hand over minutes & Practical completion certificate	2
2016/17/38			Construction of 1.7Kms Tarmred Roads in Ward 3 (29°55'25.40"E 28°36'37.40"S) by 30 June 2017	New Target	N/A	N/A	N/A	KMs	Construction of 1.7Kms of tarmred roads in Ward 3 (29°55'25.40"E 28°36'37.40"S) by 30 June 2017	1.7Kms of tarmred road in Ward 3 (29°55'25.40"E 28°36'37.40"S) to be constructed by 30 June 2017	Achieved: 1.7Kms of tarmred road in Ward 3 (29°55'25.40"E 28°36'37.40"S) constructed by 30 June 2017	R 10 000 000.00	370031051	R 8 484 545.00	N/A	N/A	Infrastructure and Services	Copy of bid documents, letter of appointment, site hand over minutes & Practical completion certificate	3
2016/17/39			Construction of 3.6Kms Tarmred Roads in Etholen Street, Ward 34 (30°13'51.396"E 28°27'1.018"S) by 30 June 2017	New Target	N/A	N/A	N/A	KMs	Construction of 3.6Kms Tarmred Roads in Etholen Street, Ward 34 (30°13'51.396"E 28°27'1.018"S) by 30 June 2017	3.6Kms of Etholen Street, tarmred road in Ward 34 (30°13'51.396"E 28°27'1.018"S) to be constructed by 30 June 2017	Not Achieved: Only 3.2Kms of Etholen Street, tarmred road in Ward 34 (30°13'51.396"E 28°27'1.018"S) was constructed by 30 June 2017	R 8 115 614.00	370031271, 2201 04901	R 7 958 810.97	It was an arithmetic error.	We will ensure that the arithmetic errors are corrected.	Infrastructure and Services	Copy of bid documents, letter of appointment, site hand over minutes & Practical completion certificate	34
2016/17/40			Resurfacing and Maintenance of 4Kms of Ekuvukeni tarmred roads in Ward 33 (30°9'19.771"E 28°27'52.108"S) by 30 June 2017	New Target	N/A	N/A	N/A	KMs	Resurfacing and Maintenance of Ekuvukeni tarmred roads, 4Kms in Ward 33 (30°9'19.771"E 28°27'52.108"S) by 30 June 2017	4Kms of Ekuvukeni tarmred roads in Ward 33 (30°9'19.771"E 28°27'52.108"S) to be resurfaced and maintained by 30 June 2017	Achieved: 4Kms of Ekuvukeni tarmred roads in Ward 33 (30°9'19.771"E 28°27'52.108"S) resurfaced and maintained by 30 June 2017	R 8 370 000.00	220104821	R 4 903 781.00	N/A	N/A	Infrastructure and Services	Copy of bid documents, letter of appointment, site hand over minutes & Practical completion certificate	33
2016/17/41			Construction of 1.35Kms for Ekuvukeni tarmred roads (phase two) in Ward 33 (30°09'8.383"E 28°27'55.937"S) by 30 June 2017	New Target	N/A	N/A	N/A	KMs	Construction of 1.35Kms for Ekuvukeni tarmred roads (phase two) in Ward 33 (30°09'8.383"E 28°27'55.937"S) by 30 June 2017	1.35Kms of Ekuvukeni tarmred roads (phase two) to be constructed in Ward 33 (30°09'8.383"E 28°27'55.937"S) by 30 June 2017	Achieved: 1.35Kms of Ekuvukeni tarmred roads (phase two) constructed in Ward 33 (30°09'8.383"E 28°27'55.937"S) by 30 June 2017	R 7 000 000.00	370029911	R 4 816 990.00	N/A	N/A	Infrastructure and Services	Copy of bid documents, letter of appointment, site hand over minutes & Practical completion certificate	33
2016/17/42			Tarmred Roads of 1.6Kms and stormwater drain in Ward 4 by 30 June 2017	New Target	N/A	N/A	N/A	KMs	Construction of 1.6Kms of tarmred roads in Ward 4 consisting stormwater drainage by 30 June 2017	1.6Kms of Tarmred Roads and stormwater drain in Ward 4 to be completed by 30 June 2017	Achieved: 1.6Kms of Tarmred Roads and stormwater drain in Ward 4 completed by 30 June 2017	R 10 000 000.00	370033700	R 9 865 110.00	Comments: This project was included in the 2nd amendment and was over Achieved. This grant was received after the adjustment budget and for the fact that the project is in our 5 year integrated development plan we managed to start and finish it in a short period of time	In Future the SOBP will not be amended for any grants that are received after the adjustment budget.	Infrastructure and Services	Copy of bid documents, letter of appointment, site hand over minutes & Practical completion certificate. Close out report	4
2016/17/43			Construction of 3.055Kms gravel roads in Ward 29 (Umhago Road), (30°02'17.792"E 28°36'16.78"S) by 30 June 2017	New Target	N/A	N/A	N/A	KMs	Construction of 3.055Kms gravel roads in Ward 29 (Umhago Road), (30°02'17.792"E 28°36'16.78"S) by 30 June 2017	3.055Kms gravel roads to be constructed in Ward 29 (Umhago Road) (30°02'17.792"E 28°36'16.78"S) by 30 June 2017	Achieved: 3.055Kms gravel roads constructed in Ward 29 (Umhago Road) (30°02'17.792"E 28°36'16.78"S) by 30 June 2017	R 9 000 000.00	220104472	R 5 794 123.26	N/A	N/A	Infrastructure and Services	Copy of bid documents, letter of appointment, site hand over minutes & Practical completion certificate	29
2016/17/44			Construction of 5.8Kms of gravel roads in Ward 29 (Okhazini Road), (30°15'48"E 28°28'41"S) by 30 June 2017	New Target	N/A	N/A	N/A	KMs	Construction of 5.8Kms of gravel roads in Ward 29 (Okhazini Road), (30°15'48"E 28°28'41"S) by 30 June 2017	5.8Kms of gravel roads to be constructed in Ward 29 (Okhazini Road), (30°15'48"E 28°28'41"S) by 30 June 2017	Achieved: 5.8Kms of gravel roads constructed in Ward 29 (Okhazini Road), (30°15'48"E 28°28'41"S) by 30 June 2017	R 10 000 000.00	220104851, 3700331101	R 6 486 240.00	N/A	N/A	Infrastructure and Services	Copy of bid documents, letter of appointment, site hand over minutes & Practical completion certificate	29
2016/17/45			Construction of 3Kms of gravel roads in Ward 32 (KwaSikhulu to KwaSithole Road), (30°12'48"E 28°27'01"S) by 30 June 2017	New Target	N/A	N/A	N/A	KMs	Construction of 3Kms of gravel roads in Ward 32 (KwaSikhulu to KwaSithole Road), (30°12'48"E 28°27'01"S) by 30 June 2017	3Kms of gravel roads to be constructed in Ward 32 (KwaSikhulu to KwaSithole Road), (30°12'48"E 28°27'01"S) by 30 June 2017	Achieved: 3Kms of gravel roads constructed in Ward 32 (KwaSikhulu to KwaSithole Road), (30°12'48"E 28°27'01"S) by 30 June 2017	R 4 000 000.00	220104911	R 2 557 242.00	N/A	N/A	Infrastructure and Services	Copy of bid documents, letter of appointment, site hand over minutes & Practical completion certificate	32
2016/17/46			Construction of 3Kms of gravel roads in Ward 36 (KwaMhongo to KwaSithole Road), (30°15'11.039"E 28°29'22.004"S) by 30 June 2017	New Target	N/A	N/A	N/A	KMs	Construction of 3Kms of gravel roads in Ward 36 (KwaMhongo to KwaSithole Road), (30°15'11.039"E 28°29'22.004"S) by 30 June 2017	3Kms of gravel roads to be constructed in Ward 36 (KwaMhongo to KwaSithole Road), (30°15'11.039"E 28°29'22.004"S) by 30 June 2017	Achieved: 3Kms of gravel roads constructed in Ward 36 (KwaMhongo to KwaSithole Road), (30°15'11.039"E 28°29'22.004"S) by 30 June 2017	R 3 000 000.00	220104861	R 3 401 771.00	N/A	N/A	Infrastructure and Services	Copy of bid documents, letter of appointment, site hand over minutes & Practical completion certificate	36
2016/17/47			Construction of 1.1Kms gravel roads and 1 water crossing in Ward 36, (Mbango to Green Road) (30°15'37.45"E 28°29'5.56"S) by 30 June 2017	New Target	N/A	N/A	N/A	KMs	Construction of 1.1Kms gravel roads and one water crossing in Ward 36, (Mbango to Green Road) (30°15'37.45"E 28°29'5.56"S) by 30 June 2017	1.1Kms of gravel roads and one water crossing to be constructed in Ward 36, (Mbango to Green Road) (30°15'37.45"E 28°29'5.56"S) by 30 June 2017	Not fully Achieved: 1.1KM of gravel road was achieved but the low water crossing was not achieved. The Community held a protest demanding that the Contractor must deviate from the Scope of Work for the Low water Bridge. The Contractor was not allowed on site to continue with works until the community requests were met. The project is 80% complete.	R 3 000 000.00	220104871	R 1 885 393.00	Only the 1.1km of gravel road was achieved but the low water crossing was not achieved. The Community held a protest demanding that the Contractor must deviate from the Scope of Work for the Low water Bridge. The Contractor was not allowed on site to continue with works until the community requests were met. The project is 80% complete.	The Meeting was held with the Community by the Municipality and Ward Councilor and everything was resolved.	Infrastructure and Services	Copy of bid documents, letter of appointment, site hand over minutes & Practical completion certificate	36

2016/17/48	Construction of Etholeni Low-water Level Bridge in Ward 34 (30°11'40.101"E 28°26'34.141"S) by 30 June 2017	New Target	N/A	N/A	N/A	Number	Construction of Etholeni Low-water Level Bridge in Ward 34 (30°11'40.101"E 28°26'34.141"S) by 30 June 2017	1 Low-water Level Bridge to be constructed in Ward 34 (30°11'40.101"E 28°26'34.141"S) by 30 June 2017	Achieved: 1 Low-water Level Bridge constructed in Ward 34 (30°11'40.101"E 28°26'34.141"S) by 30 June 2017	R 9 520 000.00	220104951	R 7 673 049.00	N/A	Infrastructure and Services	Copy of bid documents, letter of appointment, site hand over minutes & Practical completion certificate	34	
2016/17/49	Construction of 630Ms Fencing of Cemetery at Tholeni in Ward 34 by 30 June 2017	New Target	N/A	N/A	N/A	Ms	Construction of 630Ms Fencing of Cemetery at Tholeni in Ward 34 by 30 June 2017	630Ms of Fencing to be constructed at the Cemetery at Tholeni in Ward 34 by 30 June 2017	Achieved: 630Ms of Fencing constructed at the Cemetery at Tholeni in Ward 34 by 30 June 2017	R 1 200 000.00	220104941	R 847 629.00	N/A	Infrastructure and Services	Orders, Invoices and Practical completion certificate	34	
2016/17/50	Maintenance of Gravel Roads in Ward 31,32,33,34,35, 636 (2KM per Ward) by 30 June 2017	New Target	N/A	N/A	N/A	KMs	Maintenance of Gravel Roads in Ward 31,32,33,34,35, 636 (2KM per Ward) by 30 June 2017	Gravel Roads to be Maintained in Ward 31,32,33,34,35, 636 (2KM per Ward) by 30 June 2017	Achieved- Gravel Roads Maintained in Ward 31,32,33,34,35, 636 (2KM per Ward) by 30 June 2017	R 10 000 000.00	220104931	R 9 115 103.00	N/A	Infrastructure and Services	Copy of bid documents, letter of appointment, site hand over minutes & Practical completion certificate	31, 32, 33, 34, 35 & 36	
2016/17/51	Conduction of Feasibility study, Environmental Impact Assessment for KwaZimba Bridge (Phase 01) and Completion of phase one of the road by 30 June 2017	New Target	N/A	N/A	N/A	Date	Conduction of Feasibility study, Environmental Impact Assessment for KwaZimba Bridge (Phase 01) and Completion of phase one of the road by 30 June 2017	Feasibility study, Environmental Impact Assessment for KwaZimba Bridge (Phase 01) and Completion of phase one of the road by 30 June 2017	Achieved- Feasibility study, Environmental Impact Assessment for KwaZimba Bridge (Phase 01) and Completion of phase one of the road by 30 June 2017	R 500 000	220104831	R 388 750.00	N/A	Infrastructure and Services	Feasibility study report, EIA Report, Copy of Bid Document and site handover minutes, Practical completion certificate	30	
2016/17/52	Construction and rehabilitation of Urban Roads in these areas: Acaciaville, Ward 20 (1KM Progress Road, Main and Burger Streets 29°47'35.016"E 28°34'23.478"S), (4.5KM's Centenary Road 29°48'11"E 28°35'31"S), (2.3KM's Marula Drive 29°79'16"E 28°55'29"S), Steadville, Ward 21 (2KM's Oliver Tambo Street 29°79'16"E 28°55'29"S), (3KM's Mandela Drive 29°79'16"E 28°55'29"S) by 30 June 2017.	8,3 km's of urban tarred road rehabilitated in Wards 10,21 and 22 by 30 June 2016	Achieved: 8,3 km's of urban tarred road rehabilitated in Wards 10,21 and 22 by 30 June 2016	R 27,000,000.00	R 29,197,418.00	KMs	Construction and rehabilitation of Urban Roads in these areas: Acaciaville, Ward 20 (1KM Progress Road, Main and Burger Streets 29°47'35.016"E 28°34'23.478"S), (4.5KM's Centenary Road 29°48'11"E 28°35'31"S), (2.3KM's Marula Drive 29°79'16"E 28°55'29"S), Steadville, Ward 21 (2KM's Oliver Tambo Street 29°79'16"E 28°55'29"S), (3KM's Mandela Drive 29°79'16"E 28°55'29"S) by 30 June 2017.	Urban Roads in Acaciaville, Ward 20 (1KM Progress Road, Main and Burger Streets 29°47'35.016"E 28°34'23.478"S), (4.5KM's Centenary Road 29°48'11"E 28°35'31"S), (2.3KM's Marula Drive 29°79'16"E 28°55'29"S), Steadville, Ward 21 (2KM's Oliver Tambo Street 29°79'16"E 28°55'29"S), (3KM's Mandela Drive 29°79'16"E 28°55'29"S) to be constructed and rehabilitated by 30 June 2017.	Achieved- Urban Roads in Acaciaville, Ward 20 (1KM Progress Road, Main and Burger Streets 29°47'35.016"E 28°34'23.478"S), (4.5KM's Centenary Road 29°48'11"E 28°35'31"S), (2.3KM's Marula Drive 29°79'16"E 28°55'29"S), Steadville, Ward 21 (2KM's Oliver Tambo Street 29°79'16"E 28°55'29"S), (3KM's Mandela Drive 29°79'16"E 28°55'29"S) constructed and rehabilitated by 30 June 2017.	R 40 698 692.00	370039031; 370039231; 370039061; 370039251; 370039511; 370039931	R 43 168 476.00	N/A	N/A	Infrastructure and Services	Copy of bid documents, letter of appointment, Payment certificate, site hand over minutes & practical completion certificate	20, 21
2016/17/53	Construction of 4 Low Water Crossings at these areas: Burford- Ward 14, 2 low water crossings at Hoboland, (29°46'38'967"E 28°27'27'803"S) and 29°46'48'122"E 28°27'22'308"S), 1 low water crossing at kwaManzini 29°46'37'528"E 28°29'50'915"S, And 1 low water crossing at Pieters- Ward 8 (28°51' 51'735"E 28°39'5'856"S by 30 June 2017	New Target	N/A	N/A	N/A	Number	Construction of 4 Low Water Crossings at these areas: Burford- Ward 14, 2 low water crossings at Hoboland, (29°46'38'967"E 28°27'27'803"S) and 29°46'48'122"E 28°27'22'308"S), 1 low water crossing at kwaManzini 29°46'37'528"E 28°29'50'915"S, And 1 low water crossing at Pieters- Ward 8 (28°51' 51'735"E 28°39'5'856"S by 30 June 2017	4 Low Water Crossings to be constructed at Burford- Ward 14, 2 low water crossings at Hoboland, (29°46'38'967"E 28°27'27'803"S) and 29°46'48'122"E 28°27'22'308"S), 1 low water crossing at kwaManzini 29°46'37'528"E 28°29'50'915"S, And 1 low water crossing at Pieters- Ward 8 (28°51' 51'735"E 28°39'5'856"S by 30 June 2017	Achieved- 4 Low Water Crossings constructed at Burford- Ward 14, 2 low water crossings at Hoboland, (29°46'38'967"E 28°27'27'803"S) and 29°46'48'122"E 28°27'22'308"S), 1 low water crossing at kwaManzini 29°46'37'528"E 28°29'50'915"S, And 1 low water crossing at Pieters- Ward 8 (28°51' 51'735"E 28°39'5'856"S by 30 June 2017	R 1 153 059.00	370039941	R 1 152 495.00	N/A	N/A	Infrastructure and Services	Copy of bid documents, letter of appointment, Payment certificate, site hand over minutes & practical completion certificate	8, 14
2016/17/54	Construction of 31KM's of Gravel Roads (2KM's per Ward and 1KM for Ward 4) in Wards 4, 7, 8, 9, 11, 13, 14, 15, 16, 17, 18, 19, 23, 24, 25, 26 by 30 June 2017	New Target	N/A	N/A	N/A	KMs	Construction of 31KM's of Gravel Roads (2KM's per Ward and 1KM for Ward 4) in Wards 4, 7, 8, 9, 11, 13, 14, 15, 16, 17, 18, 19, 23, 24, 25, 26 by 30 June 2017	31KM's of Roads (2KM's per Ward and 1KM for Ward 4) to be constructed in Wards 4, 7, 8, 9, 11, 13, 14, 15, 16, 17, 18, 19, 23, 24, 25, 26 by 30 June 2017	Achieved- 31KM's of Roads (2KM's per Ward and 1KM for Ward 4) constructed in Wards 4, 7, 8, 9, 11, 13, 14, 15, 16, 17, 18, 19, 23, 24, 25, 26 by 30 June 2017	R 8 150 249.00	370039001	R 1 409 908.00	N/A	N/A	Infrastructure and Services	Copy of bid documents, letter of appointment, Payment certificate, site hand over minutes & practical completion certificate	4, 7, 8, 9, 11, 13, 14, 15, 16, 17, 18, 19, 20, 23, 24, 25, 26
2016/17/55	Completion of Ezakheni Sports Complex (Phase 3), (Roof installation, completion of brick work on the second floor) in Ward 1 by 30 June 2017	Completion of Ezakheni- Ward 1, Indoor Sports Hall (Phase 2) by the 30th of June 2016	Achieved: Ezakheni Indoor Sports Hall Ward 1 (Phase 2) completed by 30 June 2016	R 7,714,296.00	R 7,266,814.00	Date	Ezakheni Sports Complex (Phase 3), (Roof installation, completion of brick work on the second floor) in Ward 1 to be completed by 30 June 2017	Ezakheni Sports Complex (Phase 3), (Roof installation, completion of brick work on the second floor) in Ward 1 to be completed by 30 June 2017	Not Achieved- Ezakheni Sports Complex (Phase 3), Only Roof trusses were installed. Plastering is 100% complete. Brick work is complete. Concrete work is complete and Stair case is complete in Ward 1	R 8 000 000.00	220104681; 370029041	R 5 656 481.00	During the duration of the project the contractor underwent business rescue, the project is currently 92% complete.	The Contractor was rescued and is currently on site to complete the project.	Infrastructure and Services	Copy of bid documents, letter of appointment, site hand over minutes & practical completion certificate	1
2016/17/56	Construction of 1 Mini Facility in Roosboom- Wards 13, by 30 June 2017	New Target	N/A	N/A	N/A	Date	Construction of 1 Mini Facility in Roosboom- Wards 13, by 30 June 2017	1 Mini Facility to be completed in Roosboom- Wards 13, by 30 June 2017	Achieved- 1 Mini Facility, completed in Roosboom- Wards 13, by 30 June 2017	R 2 000 000.00	220104771	R 1 566 282.00	N/A	Infrastructure and Services	Copy of bid documents, letter of appointment, site hand over minutes & Practical completion certificate	13	
2016/17/57	Construction of 1 Burford Creche- Ward 14 by 30 June 2017	New Target	N/A	N/A	N/A	Date	Construction of 1 Creche in Burford Ward 14 by 30 June 2017	1 Burford Creche in Ward 14, to be constructed by 30 June 2017	Achieved- 1 Burford Creche in Ward 14 constructed by 30 June 2017	R 750 000.00	220104761	R 640 251.00	N/A	Infrastructure and Services	Copy of bid documents, letter of appointment, Payment certificate, site hand over minutes & Practical completion certificate	14	
2016/17/58	Construction of 1 Community Hall in Machibini Ward 7 by 30 June 2017	New Target	N/A	N/A	N/A	Date	Construction of 1 Community Hall in Machibini Ward 7 by 30 June 2017	1 Community hall to be constructed at Machibini, Ward 7, by 30 June 2017	Achieved- 1 Community hall constructed at Machibini, Ward 7, by 30 June 2017	R 3 297 500.00	220104841; 370031601	R 2 303 004.00	N/A	N/A	Infrastructure and Services	Copy of bid documents, letter of appointment, site hand over minutes & Practical completion certificate	28
2016/17/59	Construction of 1 Community Hall in Ward 8 (Phase One Steel structure) by 30 June 2017	New Target	N/A	N/A	N/A	Date	Construction of 1 Community Hall in Ward 8 (Phase One Steel structure) by 30 June 2017	1 Community Hall in Ward 8, (Phase One Steel structure) to be constructed by 30 June 2017	Not Achieved- 1 Community Hall in Ward 8. Only the columns for the structure and Ring beam were completed.	R 2 000 000.00	220104781	R 2 519 667.00	Late appointment of the contractor	The contractor will be appointed in the 2017/2018 financial year	Infrastructure and Services	Copy of bid documents, letter of appointment, site hand over minutes & Practical completion certificate	8
2016/17/60	Construction of 1 Community Hall in Ward 4, by 30 June 2017	New Target	N/A	N/A	N/A	Date	Construction of 1 Community Hall in Ward 4 by 30 June 2017	1 Community hall to be constructed at Ward 4, by 30 June 2017	Achieved- 1 Community hall constructed at Ward 4, by 30 June 2017	R 8 000 000.00	370031071	R 6 322 450.00	N/A	N/A	Infrastructure and Services	Copy of bid documents, letter of appointment, site hand over minutes & Practical completion certificate	4
2016/17/61	Construction of 1 Sportsfield in Ward 23 (Jonoskop) by 30 June 2017	New Target	N/A	N/A	N/A	Date	Construction of 1 Sportsfield in Ward 23 (Jonoskop) by 30 June 2017	1 Sportsfield to be completed in Ward 23 (Jonoskop), by 30 June 2017	Achieved- 1 Sportsfield, completed in Ward 23 (Jonoskop), by 30 June 2017	R 3 000 000.00	370030951	R 2 944 682.00	N/A	N/A	Infrastructure and Services	Copy of bid documents, letter of appointment, site hand over minutes & Practical completion certificate	23
2016/17/62	Construction of shelters, curbs and island in Iling Road Taxi Rank (Phase 1) in Ward 12, (29°47'30.405"E 28°33'17.569"S) by 30 June 2017	New Target	N/A	N/A	N/A	Date	Construction of shelters, curbs and island in Iling Road Taxi Rank (Phase 1) in Ward 12, (29°47'30.405"E 28°33'17.569"S) by 30 June 2017	Shelters, curbs and island at Iling Road Taxi Rank (Phase 1), Ward 12, (29°47'30.405"E 28°33'17.569"S) to be constructed by 30 June 2017	Achieved- Shelters, curbs and island at Iling Road Taxi Rank (Phase 1), Ward 12, (29°47'30.405"E 28°33'17.569"S) constructed by 30 June 2017	R 4 000 000.00	220104801	R 3 504 495.00	N/A	N/A	Infrastructure and Services	Copy of bid documents, letter of appointment, site hand over minutes & Practical completion certificate	12
2016/17/63	Rehabilitation of 2KM of Roads (Albert Road, Roselene Lane and Philip Frame Road) in Ward 12 (29°77'51"E 28°55'23"S) by 30 June 2017	New Target	N/A	N/A	N/A	KMs	Rehabilitation of 2KM of Roads (Albert Road, Roselene Lane and Philip Frame Road) in Ward 12 (29°77'51"E 28°55'23"S) by 30 June 2017	2KM of Roads to be rehabilitated (Albert Road, Roselene Lane and Philip Frame Road) in Ward 12, (29°77'51"E 28°55'23"S) by 30 June 2017	Not fully Achieved- 1 KM of Roads were rehabilitated (Albert Road, Roselene Lane and Philip Frame Road) in Ward 12, (29°77'51"E 28°55'23"S) by 30 June 2017	R 5 000 000.00	220104811	R 3 950 123.00	It was an arithmetic error. The Tender documents contain 1.5KM of Roads to be rehabilitated.	We will ensure that the arithmetic errors are corrected	Infrastructure and Services	Copy of bid documents, letter of appointment, Payment certificate, site hand over minutes & completion certificate	12
2016/17/64	Lister Clarence Buildings Lift Phase 2 (Alterations to the shaft for the lift and installation of a pump for pumping underground water) in 221 Murchison Street, by 30 June 2017	One (1) Generator, one (1) lift and electrical component to be installed at Lister Clarence Building by 30 June 2016	Not Achieved One (1) Generator, one (1) lift and electrical component not installed at Lister Clarence Building by 30 June 2017	R 3,150,000.00	R 1,861,503.00	Date	1 lift (Alterations to the shaft for the lift and installation of a pump for pumping underground water) to be installed in Lister Clarence Building, 221 Murchison Street by June 2017	Phase 2 of installation of a Lift (Alterations to the shaft for the lift and installation of a pump for pumping underground water) Lister Clarence Building, 221 Murchison Street, to be constructed by 30 June 2017	Achieved- Phase 2 of installation of a Lift (Alterations to the shaft for the lift and installation of a pump for pumping underground water) Lister Clarence Building, 221 Murchison Street, done by 30 June 2017	R 1 288 947.00	220100121	R 1 418 865.00	N/A	N/A	Infrastructure and Services	Copy of bid documents, letter of appointment, site hand over minutes & Practical completion certificate. Close out report	12
2016/17/65	Completion of Matiwane Community Hall Ward 23, by 30 June 2017	1 Community hall constructed at Matiwane- Ward 23 by the 30th of June 2016	Not Achieved 1 Community hall not constructed at Matiwane- Ward 23 by the 30th of June 2016	R 5,000,000.00	R 2,000,526.00	Date	Completion of 1 Community Hall in Matiwane Ward 23 by June 2017	Matiwane Community Hall, Ward 23, to be completed by 30 June 2017	Achieved- Matiwane Community Hall, Ward 23 completed by 30 June 2017	R 3 484 192.00	220104967	R 1 935 605.00	N/A	N/A	Infrastructure and Services	Copy of bid documents, letter of appointment, site hand over minutes & Practical completion certificate. Close out report	23
2016/17/66	Completion of Nogejan Hall in Ward 29 by 30 June 2017	Construction of KwaNogejan hall by 30 th June 2016	Target not met. Project is 85% complete	R 2 675 000.00		Date	Construction of Nogejan hall in Ward 29	Nogejan hall in Ward 29 to be completed by 30 June 2017	Not Achieved- Nogejan hall in Ward 29 was not completed by 30 June 2017	R 99 213.00	220104899	R 0.00	The Contractor was terminated.	SCM processes are underway to appoint a new Contractor.	Infrastructure and Services	Copy of bid documents, letter of appointment, site hand over minutes & Practical completion certificate. Close out report	29
2016/17/67	Completion of the KwaHlathi Sports Facility in Ward 36 by 30 June 2017	New Target	N/A	N/A	N/A	Date	Completion of the KwaHlathi Sports Facility in Ward 36 by 30 June 2017	KwaHlathi Sports Facility in Ward 36 to be completed by 30 June 2017	Achieved- KwaHlathi Sports Facility in Ward 36 completed by 30 June 2017	R 2 589 431.00	220104957	R 1 107 578.00	N/A	N/A	Infrastructure and Services	Copy of bid documents, letter of appointment, site hand over minutes & Practical completion certificate. Close out report	36
2016/17/68	Completion of the kwaMteyi Hall in Ward 28 by 30 June 2017	Construction of kwaMteyi hall by 30th June 2016	Construction of kwaMteyi hall completed on 24 June 2016	R 3 078 000.00		Date	Construction of kwaMteyi Hall in Ward 28 by 30 June 2017	KwaMteyi Hall in Ward 28 to be completed by 30 June 2017	Not Achieved- KwaMteyi Hall in Ward 28 was not completed by 30 June 2017	R 565 409.00	220104965	R 56 515.00	The Contractor was terminated.	SCM processes are underway to appoint a new Contractor.	Infrastructure and Services	Copy of bid documents, letter of appointment, site hand over minutes & Practical completion certificate. Close out report	28
2016/17/69	Installation of 4 High Mast Lights in Deval, Ward 35 and ready for commissioning by Eskom by 30 June 2017	New Target	N/A	N/A	N/A	Number	Installing 4 High Mast Lights in Deval Ward 35 and ready for commissioning by Eskom by 30 June 2017	Installation of 4 High Mast Lights in Deval, Ward 35 and ready for commissioning by Eskom by 30 June 2017	Achieved- Installation of 4 High Mast Lights in Deval, Ward 35 and ready for commissioning by Eskom by 30 June 2017	R 1 500 000.00	220104891	R 0.00	N/A	N/A	Infrastructure and Services- Electricity	Copy of bid documents, letter of appointment, Payment certificate, site hand over minutes & completion certificate	35
2016/17/70	Installation of 4 High Mast Lights in Lime Hill, Ward 35 and ready for commissioning by Eskom by 30 June 2017	New Target	N/A	N/A	N/A	Number	Installing 4 High Mast Lights in Lime Hill, Ward 35 and ready for commissioning by Eskom by 30 June 2017	Installation of 4 High Mast Lights in Lime Hill, Ward 35 and ready for commissioning by Eskom by 30 June 2017	Achieved- Installation								

To ensure improved access to basic service

2016/17/73		Provision of electricity connections to 103 households in Mbonampisi and 26 households in Spandikron, Ward 36 and ready for commissioning by Eskom by 30 June 2017	New Target	N/A	N/A	N/A	Number	Ensuring that 103 households in Mbonampisi and 26 households in Spandikron Ward 36 are connected with electricity and ready for commissioning by Eskom by 30 June 2017	103 households to be electrified in Mbonampisi and 26 households in Spandikron, Ward 36 and ready for commissioning by Eskom by 30 June 2017	Not Achieved- 0 households were electrified in Mbonampisi and Spandikron	R 6 500 000.00	370030011	R 529 161.00	Not Achieved- Designs were approved late by Eskom in the 2016/2017 financial year, therefore there were delays in the appointment of the Contractor	To speed up the appointment of the Contractor in the next financial year 2017/2018 and commence with the electrification before 30 September 2017.	Infrastructure and Services- Electricity	Copy of bid documents, letter of appointment, Payment certificate, site hand over minutes & Practical completion certificate	36
2016/17/74		Provision of electricity connections to 36 households at Burford, Ward 14 and ready for commissioning by Eskom by 30 June 2017	Ensuring that 36 households are connected with electricity and ready for commissioning by Eskom in Burford- Ward 14 by 30 June 2016	Not Achieved 36 households not connected with electricity at Burford- Ward 14 by 30 June 2016	R 1,070,270.00	R 139,045.00	Number	Ensuring that 36 households are connected with electricity and ready for commissioning by Eskom in Burford Ward 14 by 30 June 2017	36 households to be electrified in Burford, Ward 14 and ready for commissioning by Eskom by 30 June 2017	Achieved- 36 households electrified in Burford, Ward 14 and ready for commissioning by Eskom by 30 June 2017	R 1 000 000.00	370030921	R 597 961.00	N/A	N/A	Infrastructure and Services- Electricity	Copy of bid documents, letter of appointment, site hand over minutes & Practical completion certificate	14
2016/17/75		Provision of electricity connections to 91 households in Cremin, Ward 24 and ready for commissioning by Eskom by 30 June 2017	New Target	N/A	N/A	N/A	Number	Ensuring that 91 households are connected with electricity and ready for commissioning by Eskom in Cremin Ward 24 by 30 June 2017	91 households to be electrified in Cremin, Ward 24 and ready for commissioning by Eskom by 30 June 2017	Not Achieved- 0 households in Cremin, Ward 24 were electrified. Only Phase 1 was achieved. That is the approval of the electrical designs and the construction of Medium Voltage (MV) Network.	R 2 000 000.00	370030971	R 3 996 212.00	House connections did not form part of the scope of Phase 1 and will only be done when Phase 2 is complete	The Electricity Department will ensure that the connections are completed by the end of quarter one in the 2017/2018 financial year.	Infrastructure and Services- Electricity	Copy of bid documents, letter of appointment, Payment certificate, site hand over minutes & Practical completion certificate	24
2016/17/76		Provision of electrical renewals (18X MV Switch gears, 400X street lights and 20X service boxes in Ward 9, 10, 11, 12, 20, 21, 22, 25 and 27) and ready for commissioning by Eskom by 30 June 2017	New Target	N/A	N/A	N/A	Number	Ensuring the provision of electrical renewals (18X MV Switch gears, 400X street lights and 20X service boxes in Ward 9, 10, 11, 12, 20, 21, 22, 25 and 27) and ready for commissioning by Eskom by 30 June 2017	Provision of Electrical Renewals (18X MV Switch gears, 400X street lights and 20X service boxes in Ward 9, 10, 11, 12, 20, 21, 22, 25 and 27) and ready for commissioning by Eskom by 30 June 2017	Achieved- Provision of Electrical Renewals (18X MV Switch gears, 400X street lights and 20X service boxes in Ward 9, 10, 11, 12, 20, 21, 22, 25 and 27) and ready for commissioning by Eskom by 30 June 2017	R 2 000 000.00	250104551	R 1 751 849.00	N/A	N/A	Infrastructure and Services- Electricity	Copy of bid documents, letter of appointment, Payment certificate, site hand over minutes & Practical completion certificate	N/A
2016/17/77		Installation of 71 Street Lights in Watersmeat, Ward 16 and ready for commissioning by Eskom by 30 June 2017	New Target	N/A	N/A	N/A	Number	Installing 71 Streetlights in Watersmeat in Ward 16 and ready for commissioning by Eskom by 30 June 2017	71 Street Lights to be installed in Watersmeat, Ward 16 and ready for commissioning by Eskom by 30 June 2017	Achieved- 71 Street Lights installed in Watersmeat, Ward 16 and ready for commissioning by Eskom by 30 June 2017	R 3 000 000.00	370030681	R 2 416 392.00	N/A	N/A	Infrastructure and Services- Electricity	Copy of bid documents, letter of appointment, Payment certificate, site hand over minutes & Practical completion certificate	16
2016/17/78		Installation of 11 High Mast Lights in Mathondwane, Ward 17 and ready for commissioning by Eskom by 30 June 2017	New Target	N/A	N/A	N/A	Number	Installing 11 High Mast Lights in Mathondwane, Ward 17 and ready for commissioning by Eskom by 30 June 2017	11 High Mast Lights to be installed in Mathondwane, Ward 17 and ready for commissioning by Eskom by 30 June 2017	Achieved- 11 High Mast Lights installed in Mathondwane, Ward 17 and ready for commissioning by Eskom by 30 June 2017	R 3 000 000.00	370030991	R 2 795 793.00	N/A	N/A	Infrastructure and Services- Electricity	Copy of bid documents, letter of appointment, Payment certificate, site hand over minutes & Practical completion certificate	17
2016/17/79		Installation of 77 Streetlights in Roosboom- Ward 13 and ready for commissioning by Eskom by 30 June 2017	New Target	N/A	N/A	N/A	Number	Installing 77 Streetlights in Roosboom- Ward 13 and ready for commissioning by Eskom by 30 June 2017	77 Streetlights to be installed in Roosboom, Ward 13 and ready for commissioning by Eskom by 30 June 2017	Achieved - 77 Streetlights installed in Roosboom, Ward 13 and ready for commissioning by Eskom by 30 June 2017	R 1 000 000.00	370029191	R 838 229.00	N/A	N/A	Infrastructure and Services- Electricity	Copy of bid documents, letter of appointment, Payment certificate, site hand over minutes & Practical completion certificate	13
2016/17/80		Installation of 124 Streetlights in Matiwane and 86 Streetlights in Lucitana- Ward 24 and ready for commissioning by Eskom by 30 June 2017	154 of Streetlights in Matiwane (Ward 24) installed and ready to be commissioned by Eskom as at 30 June 2016	Achieved: 154 Streetlights in Matiwane (Ward 24) installed and ready to be commissioned by Eskom by 30 June 2016	R 5,000,000.00	R 4,383,734.00	Number	Installing 124 Streetlights in Matiwane and 86 Streetlights in Lucitana, and ready for commissioning by Eskom in Ward 24 by June 2017	124 Streetlights to be installed in Matiwane and 86 Streetlights in Lucitana, Ward 24 and ready for commissioning by Eskom by 30 June 2017	Achieved- 124 Streetlights installed in Matiwane and 86 Streetlights in Lucitana, Ward 24 and ready for commissioning by Eskom by 30 June 2017	R 3 000 000.00	370031011	R 2 916 648.00	N/A	N/A	Infrastructure and Services- Electricity	Copy of bid documents, letter of appointment, Payment certificate, site hand over minutes & Practical completion certificate	24
2016/17/81		Electrification of 355 households in Indaka villages (111 Tholeni, 45 Spandikron, 106 Stanford and 93 Limehill) in Wards 33 and 34 and ready for commissioning by Eskom by 30 June 2017	Electrification of 355 households as a phase III through Integrated National Electrification Programme (INEP) at Limehill (93), Stanford (106), Spandikron (45) and Tholeni (111) households by 30th June 2016	Electrification of 355 households as a phase III through Integrated National Electrification Programme (INEP) at Limehill (93), Stanford (106), Spandikron (45) and Tholeni (111) completed on the 4th July 2016, however the municipality is waiting for Eskom to issue an outage/ commissioning date before a certificate of completion can be issued.			Number	Ensuring that 355 households are connected with electricity and ready for commissioning by Eskom in Indaka Villages (111 Tholeni, 45 Spandikron, 106 Stanford and 93 Limehill) in Wards 33 and 34 and ready for commissioning by Eskom by June 2017	355 Households in Indaka Villages (111 Tholeni, 45 Spandikron, 106 Stanford and 93 Limehill) in Wards 33 and 34 and ready for commissioning by Eskom to be electrified by 30 June 2017	Achieved 355 Households in Indaka Villages (111 Tholeni, 45 Spandikron, 106 Stanford and 93 Limehill) in Wards 33 and 34 and ready for commissioning by Eskom electrified by 30 June 2017	R 2 204 418.00	370030021 250104968	R 1 555 793.00	N/A	N/A	Infrastructure and Services- Electricity	Copy of bid documents, letter of appointment, site hand over minutes & Practical completion certificate	33,34
2016/17/82		Implementation of Plant and Equipment Plan by purchasing 1 Fire Engine and 1 SUV by 30 June 2017	New Target	N/A	N/A	N/A	Number	Implementation of Plant and Equipment Plan by purchasing 1 Fire Engine and 1 SUV by 30 June 2017	Plant and Equipment procurement plan to be implemented by purchasing 1 Fire Engine and 1 SUV by 30 June 2017	Achieved- 1 Mercedes Arago Fire Engine and 1 BMW X5 SUV purchased and obtained.	R 5 000 000.00	220101251	R 4 214 580.00	N/A	N/A	Community Services	Plant and Equipment procurement plan	N/A
2016/17/83		Repairs to Storm damaged houses in Steadville, Limehill, Colenso and Acaclavale in Wards 9, 10, 20, 21, 22 and 25 by the 30 June 2017	New Target	N/A	N/A	N/A	Number	Repairs to 200 storm damaged houses in Steadville, Limehill, Colenso and Acaclavale in Wards 9, 10, 20, 21, 22 and 25 by the 30 June 2017	200 storm damaged units will be repaired in Wards 9, 10, 20, 21, 22 and 25 by 30 June 2017	Achieved- 305 Storm damaged units repaired in Wards 9, 10, 20, 21, 22 and 25 by 30 June 2017	Funded by DoHS	Funding with DoHS	Funds paid directly by DoHS to IA's	N/A	N/A	Development Planning and Human Settlements	Handover Certificates	9,10,20,21,22,25
2016/17/84		Rebuilds to Storm damaged houses in D63 J03 Steadville, Limehill, Colenso and Acaclavale in Wards 9, 10, 20, 21, 22 and 25 by the 30 June 2017	New Target	N/A	N/A	N/A	Number	Construction of 50 storm damaged houses in Steadville, Limehill, Colenso and Acaclavale in Wards 9, 10, 20, 21, 22 and 25 by the 30 June 2017	50 houses will be rebuilt in Wards 9, 10, 20, 21, 22 and 25 under a storm damage project by 30 June 2017	Partially achieved- 21 houses were rebuilt in Wards 9, 10, 20, 21, 22 and 25 under a storm damage project by 30 June 2017	Funded by DoHS	Funding with DoHS	Funds paid directly to IA's by DoHS	Partially Achieved- The performance of the Implementing Agents was poor more emphasis was placed on the repairs of storm damaged houses.	Contracts with Implementing Agents expired on 18 June 2017 and no extension of time therefore new Implementing Agents to be appointed. Adverts to be placed in local newspapers by 31 August 2017 and bid to be closed by 30 September 2017 (end of 1st quarter)	Development Planning and Human Settlements	Handover Certificates	9, 27
2016/17/85	Financial Viability and Financial Management	Upgrading of Financial system and ICT server infrastructure to a fully mSCOA compliant solution by 30 June 2017	New Target	N/A	N/A	N/A	Percentage	Upgrading of Financial system and ICT server infrastructure to a fully mSCOA compliant solution by 30 June 2017	100% upgrading of Financial System and ICT server infrastructure to a fully mSCOA compliant solution by 30 June 2017	Partially Achieved - 69.5%	R 8 023 574.00	205304966 370033991	R 8 023 574.00	Partially Achieved the project could not be achieved due to Budget constraints.	Additional budget will be considered during the adjustments budget subject to the availability of funds.	Corporate Services and Finance	Close out Report	N/A
2016/17/86		Quarterly collection rate of 90% to maximise revenue generation	New Target	N/A	N/A	N/A	Percentage	Ensuring a quarterly collection rate of 90% to maximise revenue generation	Quarterly collection rate of 90% to maximise revenue generation	Achieved- Quarterly collection rate of 96.31% to maximise revenue generation	N/A	N/A	N/A	N/A	N/A	Finance	Annual Financial Statements	N/A
2016/17/87		Percentage of Audit Queries dealt with as per AG action Plan by 30 June 2017	New Target	N/A	N/A	N/A	Percentage	Attend to 100% of all finance queries raised by Auditor General by 30 June 2017	100% of Audit Queries to be dealt with as per AG action Plan by 30 June 2017	Achieved- 100% of Audit Queries dealt with as per AG action Plan by 30 June 2017	N/A	N/A	N/A	N/A	N/A	Finance	AG Action Plan, Action list and Reports	N/A
2016/17/88		The percentage of a municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan by 30 June 2017	New Target	N/A	N/A	N/A	Percentage	Ensuring 100% of the municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan by 30 June 2017	100% of a municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan by 30 June 2017	Partially Achieved 86.67% of a municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan by 30 June 2017	N/A	N/A	N/A	1. The disturbances from the community protests. 2. The savings derived from some of the projects that were delivered in full with less spending of the budget.	1. Improve on the IDP and Budget community consultation processes. 2. Where possible re-allocate the funds to other projects through Adjustment Budget process.	Finance	Annual Financial Statements	N/A
2016/17/89		The percentage of a MIG budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan by 30 June 2017	New Target	N/A	N/A	N/A	Percentage	Ensuring 100% of a MIG budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan by 30 June 2017	100% of a MIG budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan by 30 June 2017	Achieved- 100% of a MIG budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan by 30 June 2017	N/A	N/A	N/A	N/A	N/A	Finance	Section 71 reports	N/A
2016/17/90		The percentage of INEP budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan by 30 June 2017	New Target	N/A	N/A	N/A	Percentage	Ensuring 100% of INEP budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan by 30 June 2017	100% of INEP budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan by 30 June 2017	Achieved- 100% of INEP budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan by 30 June 2017	N/A	N/A	N/A	N/A	N/A	Finance	Section 71 reports	N/A
2016/17/91		The percentage of a Repairs and maintenance budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan by 30 June 2017	New Target	N/A	N/A	N/A	Percentage	Ensuring 100% of a municipal repairs and maintenance budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan by 30 June 2017	100% of a municipal repairs and maintenance budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan by 30 June 2017	Partially Achieved- 72.35% of a municipal repairs and maintenance budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan by 30 June 2017	N/A	N/A	N/A	Most roads were refurbished during the implementation of the Disaster Recovery Grant. Therefore the roads did not need the immediate repairing.	Where possible re-allocate the funds to other projects through Adjustment Budget process.	Finance	Section 71 reports	N/A
2016/17/92		Reduction of unauthorised and irregular expenditure throughout 2016-2017 financial year	5 % Decrease in the unauthorised expenditure by 30 June 2016	Achieved 5% there was no unauthorised expenditure incurred	N/A	N/A	Percentage	Ensuring reduction of 5% in unauthorised expenditure by 30 June 2017	Decreasing Unauthorised and Irregular expenditure to 0% throughout 2016-2017 financial year	Achieved- Decreasing Unauthorised and Irregular expenditure to 0% throughout 2016-2017 financial year	N/A	N/A	N/A	N/A	N/A	Finance	Section 71 reports	N/A
2016/17/93		Reduction of fruitless and wasteful expenditure throughout 2016-2017 financial year	5% Decrease in Fruitless and Wasteful Expenditure by 30 June 2016	Achieved 82.32% by 30 June 2016	N/A	N/A	Percentage	Ensuring reduction of 5% Fruitless and Wasteful Expenditure by 30 June 2017	Decreasing Fruitless and Wasteful expenditure to 0% throughout 2016-2017 Financial Year	Not Achieved There is an increase of R 561 297.00	N/A	N/A	N/A	There was an increase because of the unplanned legal implications emanating from the former Indaka Municipality.	Inadequate winding up of Provincial Administration issues of former Indaka Municipality.	Finance	Section 71 reports	N/A
2016/17/94		Ratio: Total operating revenue received minus operating grants divided by debt service payments (ie. Interests plus redemption) by 30 June 2017	01:03	Achieved 1 : 632 by 30 June 2016	N/A	N/A	Debt Coverage Ratio	Ensuring the ratio financial viability in terms of debt coverage is 1:3	1:3 (Achievement of 1:3 debt coverage ratio throughout 2016/2017 financial year)	Achieved- 1 : 64.87	N/A	N/A	N/A	N/A	N/A	Finance	Annual Financial Statements	N/A
2016/17/95		Ratio: Available cash plus investments divided by monthly fixed operating expenditure by 30 June 2017	01:02	Achieved 1 : 3.7 by 30 June 2016	N/A	N/A	Cash Coverage Ratio	Ensuring the ratio financial viability in terms of cost coverage is 1:2	1:2 (Achievement of 1:2 cash coverage ratio throughout 2016/2017 financial year)	Not Achieved- 1: 0.90	N/A	N/A	N/A	Revenue targets not met	Full implementation of revenue Enhancement Strategy	Finance	Annual Financial Statements	N/A
2016/17/96		Ratio: Outstanding debtors service divided by annual revenue actually received for services by 30 June 2017	01:01	Achieved 1 : 1.65 by 30 June 2016	N/A	N/A	Outstanding Debtors Services Ratio	Ensuring the ratio financial viability in terms of outstanding service debtors 1:1	1:1 (Achievement of 1:1 outstanding debtors service ratio throughout 2016/2017 financial year)	Not Achieved 1: 0.88	N/A	N/A	N/A	Revenue targets not met	Full implementation of revenue Enhancement Strategy	Finance	Annual Financial Statements	N/A

2016/17/97	To ensure that a register for movable assets is maintained	Compilation and submission of a credible movable assets register to the CFO by 30 June 2017	1 Credible movable assets register to be compiled and submitted to the CFO by 30 June 2016	Achieved 1 Credible movable assets register is compiled and was submitted to the CFO on 05 July 2016	R 6,295,000.00	R 6,126,863.48	Date	Ensuring the compilation and submission of 1 credible movable assets register to the CFO by 30 June 2017	1 credible movable assets register to be compiled and submitted to the CFO by 30 June 2017	Achieved- 1 credible movable assets register to be compiled and submitted to the CFO by 30 June 2017	N/A	N/A	N/A	N/A	N/A	Finance	Movable Assets Register	N/A
2016/17/98	To ensure that a register for electricity, roads and stormwater is maintained	Compilation and submission of a credible electricity, roads and stormwater register to the CFO by 30 June 2017	1 Credible electricity, roads and stormwater registers compiled and submitted to the CFO by 30 June 2016	Achieved 1 Credible electricity, roads and stormwater registers compiled and submitted to the CFO on 05 July 2016	R 6,295,000.00	R 6,126,683.46	Date	Ensuring the compilation and submission of 1 credible electricity, roads and stormwater register to the CFO by 30 June 2017	1 credible electricity, roads and stormwater register compiled and submitted to the CFO by 30 June 2017	Achieved- 1 credible movable assets register to be compiled and submitted to the CFO by 30 June 2017	R 4 453 962.00	111142459; 111142509;	R 5 391 560.63	N/A	N/A	Infrastructure and Services	Electricity, Roads and Stormwater register	N/A
2016/17/99	To ensure that a register for Municipal properties is maintained	Compilation and submission of a credible municipal property register to the CFO by 30 June 2017	1 Credible municipal property register to be compiled and submitted to the CFO by 30 June 2016	Achieved 1 Credible municipal property register compiled and submitted to the CFO on 05 July 2016	R 6,295,000.00	R 6,126,683.46	Date	Ensuring compilation and submission of 1 credible municipal property register to the CFO by 30 June 2017	1 credible municipal property register to be compiled and submitted to the CFO by 30 June 2017	Achieved- 1 credible movable assets register to be compiled and submitted to the CFO by 30 June 2017				N/A	N/A	Development Planning and Human Settlements	Municipal property register	N/A
2016/17/100	To ensure that a register for street furniture is maintained	Compilation and submission of a credible street furniture register to the CFO by 30 June 2017	1 Credible municipal property register to be compiled and submitted to the CFO by 30 June 2016	Achieved 1 Credible street furniture register compiled and submitted to the CFO on 05 May 2016	R 233,502.00	R 220,812.99	Date	Ensuring compilation and submission of 1 credible street furniture register to the CFO by 30 June 2018	1 credible street furniture register to be compiled and submitted to the CFO by 30 June 2017	Achieved- 1 credible movable assets register to be compiled and submitted to the CFO by 30 June 2017	R 192 002.00	114013353 114013366	R 151 945.72	N/A	N/A	Community Services	Street furniture register	N/A
2016/17/101		Percentage of procurements less than R200 000 to be processed by 30 June 2017	100% of procurements less than R200 000.00 to be processed by 30 June 2016	Not Achieved 92.50% of procurements less than R200 000.00 were processed by 30 June 2016	N/A	N/A	Percentage	Ensuring that 100% procurements less than R200 000 are processed by 30 June 2017	100% Percentage of procurements less than R200 000 processed by 30 June 2017	Partially Achieved 66% Percentage of procurements less than R200 000 processed by 30 June 2017	N/A	N/A	N/A	Splitting of orders and challenges in the compilation of specification documents.	Improvement on the compilation and monitoring of Procurement Plan.	Finance	Monthly Reports to the Municipal Manager and Portfolio Committees (Finance and affected Departmental Portfolios)	N/A
2016/17/102	To ensure the effective running of Supply Chain Management	Convening of BEC meetings within 14 working days after the closing date of an advert	100% of adverts submitted and finalized by the BEC within 14 working days from the closing date of an Advert	Achieved 100% of adverts submitted and finalized by the BEC within 14 working days from the closing date of an Advert by	N/A	N/A	Number of days	Ensuring that 100% of adverts submitted and finalized by the BEC within 14 working days from the closing date of an Advert	BEC meeting convened within 14 working days after the closing date of an advert	Partially Achieved: Not all BEC meeting were convened within 14 working days after the closing date of an advert	N/A	N/A	N/A	Some bids came from former Indaka after the closing date had already passed.	Improvement on the compilation and monitoring of Procurement Plan.	Finance	BEC Minutes and attendance Registers	N/A
2016/17/103		Convening of BAC meetings within 14 working days after the BEC meetings	New Target	N/A	N/A	N/A	Number of days	Convening of BAC meetings within 14 working days after the BEC meetings	BAC meeting convened within 14 working days after the BEC meetings	Partially Achieved: Not all BAC meeting were convened within 14 working days after the BEC meetings	N/A	N/A	N/A	Some bids came from former Indaka after the closing date had already passed.	Improvement on the compilation and monitoring of Procurement Plan.	Finance	BAC Minutes and attendance Registers	N/A

NOTES:

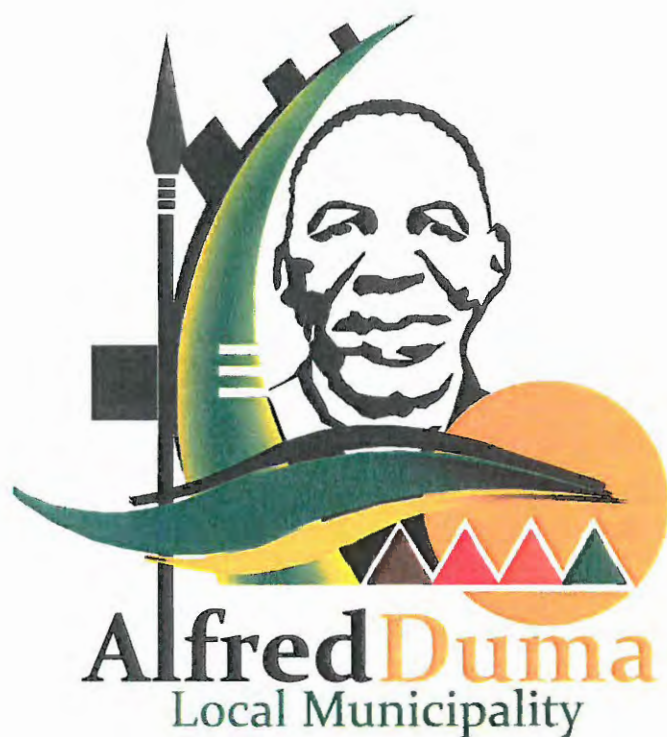
There were the following Retention Fees to be paid:

1. Renew existing Roads	R 1 044 000.00
2. Construction of kwaZimba Road	R 246 715.00
3. Contruction of Ezinqoleni gravel Road	R 2 818 337.00
4. Access to Municipal Parking	R 966 429.00
5. Construction of Isibindi - Dalinkosi Road	R 1 674 975.00
6. Construction of Ekuvukeni Tarmed Road	R 3 015 765.00
7. Upgrades and Renovations of Stamford Creche	R 150 639.00
8. Upgrade and renovations of Mngwenya Community Hall	R 269 235.00
9. Upgrade and renovations of Oqungwini Community Hall	R 62 043.00
10. Upgrade and renovations of Makhosi Community Hall	R 54 168.00
11. Renovation of Ekuvukeni Hall	R 89 322.00
12. Renovation of IEC Building	R 47 528.00
13. Renovation and upgrades of Utvalal Creche	R 348 536.00
14. Mathondwane Mini- facility	R 35 000.00
15. Tarmed Roads in Wards 2,6 and 8	R 248 325.00

ANNEXURE "C"

ANNUAL FINANCIAL

STATEMENTS: 2016/2017



Financial Statements

FOR THE FINANCIAL YEAR ENDED

30 June 2017

Alfred Duma Local Municipality

Financial Statements for the financial year ended 30 June 2017

General Information

Legal form of entity	Local Municipality
Members of the Council	
Mayor	Mr M V Madlala
Deputy Mayor	Ms T Hadebe
Speaker	Mr T W Ngubane
Chief Whip	Mr TB Njapha
Member of the Executive Committee	Mrs A N Khanyile
	Mr L S Madinane
	Mr A Mchunu
	Ms S Z P Msibi
	Mr S Simelane
	Mr M R Suddaby
	Mr A S D Warasally
Accounting Officer	Ms S S Ngiba (Acting)
Chief Financial Officer	Mr M Hloba
Grading of local authority	4
Registered office	221 Murchison Street Lister Clarence Building Ladysmith Tel: 036-6372231 Fax: 036-6311400 E-mail: mm@alfredduma.gov.za
Postal address	PO Box 29 Ladysmith Kwazulu-Natal 3370
Bankers	ABSA - Public Sector Banking
Auditors	Auditor-General of South Africa

Alfred Duma Local Municipality

Financial Statements for the financial year ended 30 June 2017

Index

The reports and statements set out below comprise the financial statements presented :

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ABBREVIATIONS

COGTA	Cooperative Governance and Traditional Affairs
COID	Compensation for Occupational Injuries and Diseases
CSC	Community Service Centre
DOHS	Department of Human Settlements
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
INEP	Integrated National Electrification Program
LUMS	Land Use Management System
MDTG	Municipal Demarcation Transition Grant
MFMA	Municipal Finance Management Act
NER	National Electricity Regulator
NJMP	Natal Joint Municipal Pension
PPE	Property, Plant and Equipment
SALGA	South African Local Government Authority
SALGBC	South African Local Government Bargaining Council
SCM	Supply Chain Management
VAT	Value Added Taxation

Alfred Duma Local Municipality

Financial Statements for the financial year ended 30 June 2017

Accounting Officer's Responsibilities and Approval

The Accounting Officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of the Accounting Officer to ensure that the financial statements fairly present the state of affairs of the municipality as at the end of the financial period and the results of its operations and cash flows for the period then ended.

The financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Accounting Officer acknowledges that she is ultimately responsible for the system of internal financial control established by the municipality and places considerable importance on maintaining a strong control environment. To enable the Accounting Officer to meet these responsibilities, the Accounting Officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

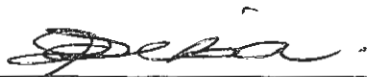
The Accounting Officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The Accounting Officer has reviewed the municipality's cash flow forecast for the period to 30 June 2017 and, in the light of this review and the current financial position, she is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is wholly dependent on the income from services, rates and grants for continued funding of operations. The financial statements are prepared on the basis that the municipality is a going concern and that the Alfred Duma Local Municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

The financial statements set out on pages 1 to 55, which have been prepared on the going concern basis, and were approved by the Accounting Officer.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 24 of these financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act (20/1998) and the Minister of Cooperative Governance and Traditional Affairs determination in accordance with this Act.



Accounting Officer
Ms SS Ngiba (Acting)

31 August 2017

Alfred Duma Local Municipality

Financial Statements for the financial year ended 30 June 2017

Statement of Financial Position

		30 June 2017
	Note(s)	R
Assets		
Current Assets		
Inventories	15	38 949 257
Trade and Other Receivables from Exchange Transactions	16	30 619 826
Other Receivables from Non-Exchange Transactions	17	105 637 995
VAT Receivable	8	16 435 376
Cash and Cash Equivalents	19	262 207 859
		453 850 312
Non-Current Assets		
Property, Plant and Equipment	9	1 501 204 573
Intangible Assets	10	827 735
Investment Property	11	201 880 806
Heritage Assets	12	17 051 512
Non-Current Receivables from Exchange Transactions	14	15 414
		1 720 980 041
Total Assets		2 174 830 353
Current Liabilities		
Consumer Deposits	3	10 678 463
Provisions	4	1 298 695
Retirement Benefit Obligations	5	2 522 421
Trade and Other Payables from Exchange Transactions	6	191 950 932
Unspent Conditional Grants and Receipts	7	25 110 354
Current Portion of Long-term Loans	2	534 661
		232 095 526
Non-Current Liabilities		
Long-term Loans	2	6 747 784
Provisions	4	53 254 095
Retirement Benefit Obligations	5	27 374 592
		87 376 472
Total Liabilities		319 471 998
Net Assets		1 855 358 355
Net Assets		
Housing Development Fund	1	28 274 142
Accumulated Surplus		1 827 084 213
Total Net Assets		1 855 358 355

Alfred Duma Local Municipality

Financial Statements for the financial year ended 30 June 2017

Statement of Financial Performance

		30 June 2017
	Note(s)	R
Revenue		
Revenue from non-exchange transactions		
Property Rates	20	121 762 227
Property Rates - Penalties / Interest		12 746 779
Fines		9 359 689
Licences and Permits		4 944 826
Government Grants and Subsidies	22	297 538 072
Revenue from exchange transactions		
Service Charges	21	298 088 023
Rental of facilities and equipment		2 374 644
Interest Earned - External Investments and Other		15 029 028
Interest Earned - Outstanding Receivables		3 038 004
Other Income	33	6 398 831
Total Revenue		771 280 124
Expenditure		
Employee Related Costs	23	212 482 749
Remuneration of Councillors	24	19 752 349
Bad Debts		49 400 365
Depreciation and Amortisation Expense		137 984 643
Finance Costs	25	499 466
Bulk Purchases	26	178 560 755
Contracted Services	27	27 684 374
General Expenses	28	132 438 747
Total Expenditure		758 803 448
Other Gains / Losses		
Gain / (Loss) on sale/disposal of assets		-2 164 202
Gain / (Loss) on fair value adjustment		76 734 628
Inventories: Write-down to net realisable value		-605 454
(Impairment Loss) / Reversal of impairment loss		-30 384 766
Surplus / (Deficit) for the period		56 056 880

Alfred Duma Local Municipality

Financial Statements for the financial year ended 30 June 2017

Statement of Changes in Net Assets

	Housing Development Fund R	Accumulated Surplus R	Total Net Assets R
Opening balance - 10 August 2016	26 681 074	1 506 068 126	1 532 749 200
Adjustments to Opening Balance			
- Trade Payables - Payments to Service Providers and Other	-	-1 654 245	-1 654 245
- Other Receivables from Non-Exchange Transactions	-	-298 259	-298 259
- Inventories	-	-189 047	-189 047
- Investment Property	-	45 058 700	45 058 700
- Property, Plant & Equipment - Infrastructure	-	-70 950 344	-70 950 344
- Property, Plant & Equipment - Community	-	25 256 788	25 256 788
- Property, Plant & Equipment - Other	-	66 664 835	66 664 835
- Property, Plant & Equipment - Land	-	198 298 000	198 298 000
- Intangible Assets	-	9 970	9 970
- Heritage Assets	-	1 749 000	1 749 000
Opening Balance - Restated	26 681 074	1 770 013 525	1 796 694 599
Surplus for the year	-	56 056 880	56 056 880
Other Transfers to Internal Funds	-	-	-
Transfer to Self-Insurance Fund	-	1 013 808	1 013 808
Transfer to Housing Development Fund	1 593 068	-	1 593 068
Balance at 30 June 2017	28 274 142	1 827 084 213	1 855 358 355

Alfred Duma Local Municipality

Financial Statements for the financial year ended 30 June 2017

Cash Flow Statement

		30 June 2017
	Note(s)	R
Cash flows from operating activities		
Receipts		
Sale of goods and services		402 313 991
Grants		309 043 920
Interest received		15 029 028
Other receipts		6 398 831
		<u>732 785 769</u>
Payments		
Employee costs		232 235 098
Suppliers		270 943 914
Interest paid		499 466
Other payments		12 930 209
		<u>516 608 687</u>
Net cash flows from operating activities	29	<u>216 177 082</u>
Cash flows from investing activities		
Purchase of property, plant and equipment		185 537 874
Purchase of investment property		-
Purchase of intangible assets		792 422
Proceeds on sale of assets		802 632
Net cash flows from investing activities		<u>187 132 927</u>
Cash flows from financing activities		
New loans raised/(repaid)		-453 646
Finance lease raised/(repaid)		-
Net cash flows from financing activities		<u>-453 646</u>
Net increase / (decrease) in cash and cash equivalents		28 590 509
Cash and cash equivalents at the beginning of the period		<u>233 617 350</u>
Cash and cash equivalents at the end of the period	19	<u>262 207 859</u>

Alfred Duma Local Municipality

Financial Statements for the financial year ended 30 June 2017

Statement of Comparison of Budget with Actual Information

	Budget 10 August 2016 to 30 June 2017 R	Budget Adjustments (i.t.o. s28 & s31 of the MFMA R	Virements (i.t.o. Council Approved Policy) R	Approved Final Budget R	Actual 10 August 2016 to 30 June 2017 R	Variance Actual vs Final Budget R	Actual Outcome as % of Original Budget	Actual Outcome as % of Final Budget
Financial Performance								
Property Rates	128 010 104	5 690 317	-	133 700 421	121 762 227	(11 938 194)	95.12%	91.07%
Property Rates - Penalties / Interest	5 058 570	-	-	5 058 570	12 746 779	7 688 209	251.98%	251.98%
Services Charges	294 721 080	5 711 645	-	300 432 725	298 088 023	(2 344 702)	101.14%	99.22%
Rental of Facilities and Equipment	2 380 957	-	-	2 380 957	2 374 644	(6 313)	99.73%	99.73%
Interest Earned - External Investments	7 493 750	6 824 382	-	14 318 132	15 029 028	710 896	200.55%	104.97%
Interest Earned - Outstanding Receivables	2 216 624	296 254	-	2 512 878	3 038 004	525 126	137.06%	120.90%
Fines	9 629 768	-	-	9 629 768	9 359 689	(270 079)	97.20%	97.20%
Licences and Permits	6 266 326	(501 212)	-	5 765 114	4 944 826	(820 288)	78.91%	85.77%
Transfers and Grants Recognised - Operational	117 167 183	80 902 783	-	198 069 966	170 206 555	(27 863 411)	145.27%	85.93%
Other Income and Profit on Fair Value Adjustments	4 984 714	(1 662 708)	-	3 322 006	83 133 459	79 811 453	1667.77%	2502.51%
Total Revenue (Excl. Capital Transfers & Contributions)	577 929 076	97 261 461	-	675 190 537	720 683 234	45 492 697	124.70%	106.74%
Employee Related Costs	203 468 296	19 718 536	-	223 186 832	212 482 749	(10 704 083)	104.43%	95.20%
Remuneration of Councillors	15 738 604	5 301 494	-	21 040 098	19 752 349	(1 287 749)	125.50%	93.88%
Bad Debts	21 527 500	11 796 767	-	33 324 267	49 400 365	16 076 097	229.48%	148.24%
Depreciation and Amortisation Expense	60 889 316	9 102 287	-	69 991 603	137 984 643	67 993 041	226.62%	197.14%
Finance Costs	355 681	199 875	-	555 556	499 466	(56 090)	140.43%	89.90%
Bulk Purchases	180 791 579	4 089 696	-	184 881 275	178 560 755	(6 320 521)	98.77%	96.58%
Contracted Services	-	23 428 107	-	23 428 107	27 684 374	4 256 267	0.00%	118.17%
Impairment Loss	1 765 176	-	-	1 765 176	30 384 768	28 619 592	1721.34%	1721.34%
Loss on Disposal of PPE	-	-	-	-	2 164 202	2 164 202	0.00%	0.00%
Inventories: Write-down to Net Realisable Value	-	-	-	-	605 454	605 454	0.00%	0.00%
Other Expenditure	123 733 677	5 294 688	-	129 028 365	132 438 747	3 410 382	107.04%	102.64%
Total Expenditure	608 269 829	78 931 451	-	687 201 280	791 957 872	104 756 592	130.20%	115.24%
Surplus/(Deficit)	(30 340 753)	18 330 011	-	(12 010 742)	(71 274 637)	(59 263 895)	234.91%	593.42%
Transfers Recognised - Capital	86 150 275	45 056 125	-	131 206 400	127 331 517	(3 874 883)	147.80%	97.05%
Contributions Recognised - Capital	-	-	-	-	-	-	0.00%	0.00%
Surplus/(Deficit) After Capital Transfers & Contributions	55 809 522	63 386 136	-	119 195 658	56 056 880	(63 138 778)	100.44%	47.03%
Capital Expenditure and Funds Sources								
Capital Expenditure								
Transfers Recognised - Capital	86 150 275	45 056 125	-	131 206 400	127 331 517	(3 874 883)	147.80%	97.05%
Public Contributions and Donations	-	-	-	-	-	-	0.00%	0.00%
Borrowing	-	-	-	-	-	-	0.00%	0.00%
Internally Generated Funds	26 659 308	79 790 431	-	106 449 739	58 206 357	(48 243 382)	218.33%	54.68%
Total Sources of Capital Funds	112 809 583	124 846 556	-	237 656 139	185 537 874	(52 118 265)	164.47%	78.07%

Alfred Duma Local Municipality

Financial Statements for the financial year ended 30 June 2017

Accounting Policies

1. BASIS OF PREPARATION

1.1 BASIS OF PRESENTATION

The financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost conventions as the basis of measurement, except where specified otherwise.

These financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraph 8, 10 and 11 of GRAP 3 (Revised – March 2012) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

The Alfred Duma Local Municipality was established, in terms of Provincial Notice 141 of 2016 issued in the Provincial Gazette, Extraordinary, 29 July 2016, by the Department of Co-operative Governance and Traditional Affairs, Section 12 of Local Government, from the merger of the previous Indaka Local Municipality and the Emnambithi / Ladysmith Municipality which were disestablished as at 9 August 2016.

The financial statements are prepared from the date of establishment and transactions are accounted for accordingly to disclose the operations of the newly formed Alfred Duma Local Municipality for the period 10 August 2016 to 30 June 2017.

The merger of the two municipalities is accounted for in accordance with GRAP 107. The combining entities derecognise their assets and liabilities at their carrying amounts at the date of the merger.

Any difference between the assets and liabilities derecognised and the consideration received, if any, is recognised in accumulated surplus/deficit.

1.2 PRESENTATION CURRENCY

These financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.3 GOING CONCERN ASSUMPTION

These financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

Alfred Duma Local Municipality

Financial Statements for the financial year ended 30 June 2017

Accounting Policies

1.4 COMPARATIVE INFORMATION

Budget information in accordance with GRAP 1 and 24, has been provided in the Statement of Comparison of Budget with Actual Information.

When the presentation or classification of items in the financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, with the opening balances have been restated accordingly.

2. HOUSING DEVELOPMENT FUND

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the Municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

3. INTERNAL RESERVES

Self Insurance Reserve

The municipality has a Self-Insurance Reserve to set aside amounts to offset potential losses or claims that cannot be insured externally (excess payments). Premiums are charged to the respective services taking into account claims history and replacement values of the insured assets. The balance of the self-insurance fund is ring-fenced within the accumulated surplus/(deficit).

The Council determines annually the amount to contribute to the Self Insurance Reserve.

Claims not fully covered by external insurance are financed from the insurance reserve by transferring a corresponding amount from the self-insurance reserve to the accumulated surplus.

The municipality operates a self-insurance scheme under the Self-Insurance Reserve, which has a policy that is aligned with the practice in the Insurance Industry. The balance of the Self-Insurance Reserve is determined based on surpluses accumulated since inception.

These surpluses arise from the differences between premiums charged against claims paid and various administrative expenditure incurred.

At the end of each financial year the surplus as computed per above is transferred from accumulated surplus to Self-Insurance Reserve.

The balance of the self-insurance fund is fully cash backed and is invested in a separate call account.

Accounting Policies

4. PROPERTY, PLANT AND EQUIPMENT

4.1 INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost).

If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

4.2 SUBSEQUENT MEASUREMENT – COST MODEL

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

4.3 DEPRECIATION AND IMPAIRMENT

Depreciation is calculated on cost less residual value, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. Land is not depreciated as it is deemed to have an indefinite useful life.

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Accounting Policies

The annual depreciation rates are based on the following estimated average asset lives:-

DETAILS	YEARS	DETAILS	YEARS
Infrastructure		Other	
Roads and Paving	5 - 100	Buildings	10 - 50
Pedestrian Malls	20	Specialised Vehicles	3 - 20
Electricity	10 - 50	Other Vehicles	3 - 20
Housing	30	Office Equipment	5 - 7
Stormwater	25 - 120	Furniture and Fittings	10
		Watercraft	15
Community		Bins and Containers	5 - 10
Buildings	10 - 50	Specialised Plant and Equipment	5 - 15
Recreational Facilities	10 - 100	Other Items of Plant and Equipment	5 - 15
Security	3 - 5	Landfill sites	15

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

4.4 DERECOGNITION

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

4.5 INCOMPLETE CONSTRUCTION WORK

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use.

5. INVESTMENT PROPERTY

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Accounting Policies

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired at no cost or for a nominal cost, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

5.1 FAIR VALUE

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the fair value of investment property under construction is not determinable, it is measured at cost until the earlier of the date it becomes determinable or construction is complete.

6. INTANGIBLE ASSETS

An asset is identified as an intangible asset when it:

- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the municipality or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

An intangible asset acquired at no or nominal cost, the cost shall be its fair value as at the date of acquisition.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.

Accounting Policies

- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Servitudes	indefinite
Software	3 years

7. HERITAGE ASSETS

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

7.1 INITIAL RECOGNITION

A heritage asset that qualifies for recognition as an asset is measured at its cost and any costs directly attributable to bringing the heritage asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality.

Where a heritage asset is acquired through a non-exchange transaction, its deemed cost is to be measured at its fair value as at the date of acquisition.

7.2 SUBSEQUENT MEASUREMENT

Subsequent to initial recognition, heritage assets are measured at cost less accumulated impairment losses.

7.3 DEPRECIATION AND IMPAIRMENT

Heritage assets are not depreciated but assessed at each reporting date whether there is an indication that it may be impaired.

Accounting Policies

7.4 DERECOGNITION

Heritage assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use or disposal of the asset. The gain or loss arising on the disposal or retirement of a heritage asset is recognised in the Statement of Financial Performance.

8. IMPAIRMENT OF ASSETS

8.1 CASH GENERATING ASSETS

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortization is recognized in surplus or deficit.

An impairment loss is recognized for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- To the assets of the unit, pro-rata on the basis of the carrying amount of each asset in the unit.

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognized in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortization is recognized in surplus or deficit.

8.2 NON-CASH GENERATING ASSETS

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

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If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortization is recognized in surplus or deficit.

An impairment loss is recognized for non-cash generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- To the assets of the unit, pro-rata on the basis of the carrying amount of each asset in the unit.

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognized in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortization is recognized in surplus or deficit.

9. INVENTORIES

9.1 INITIAL RECOGNITION

Inventories comprise current assets held for sale in terms of land, and consumable items for consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

Accounting Policies

9.2 SUBSEQUENT MEASUREMENT

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the weighted average method.

10. FINANCIAL INSTRUMENTS**10.1 INITIAL RECOGNITION**

Financial instruments are initially recognised at fair value.

10.2 SUBSEQUENT MEASUREMENT

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to maturity, loans and receivables, or available for sale.

Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

10.2.1 INVESTMENTS

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

10.2.2 TRADE AND OTHER RECEIVABLES

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or

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financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 1 month from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

10.2.3 TRADE PAYABLES AND BORROWINGS

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value, less trade discounts, if applicable, and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

10.2.4 CASH AND CASH EQUIVALENTS

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of four months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

11. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

12. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

13. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for

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as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

14. PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

15. LEASES

15.1 Finance Leases – The Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

15.2 Operating Leases – The Municipality as Lessee

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are charged to the statement of financial performance on a straight-line basis over the period of the lease.

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15.3 Operating Leases – The Municipality as Lessor

Assets leased to third parties under operating leases are included in investment properties and property, plant and equipment in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with similar owned investment properties and property, plant and equipment, where applicable. Rental income is recognized over the lease term.

16. REVENUE

16.1 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to electricity are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

16.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

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Accounting Policies

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Fines constitute both spot fines and summonses. Fines are economic benefits or service potential received or receivable by the municipality as a consequence of the individual or entity breaching the requirements of laws or regulations.

The full amount of traffic fines issued during the year is recognized at the initial transaction date as revenue in accordance with IGRAP1.

Assessing and recognizing impairment is an event that takes place subsequent to the initial recognition of revenue charged. The municipality assesses the probability of collecting revenue when accounts fall into arrears based on historic trends.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, the revenue is recognized as unspent grants, as current liabilities.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

16.3 GRANTS, TRANSFERS AND DONATIONS

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

The Municipality acts as an agent in a principal / agent relationship with the Department of Human Settlement for the construction of RDP Houses. Transfers are made to the Municipality for approved housing projects from the Department of Human Settlement, and the Municipality releases payments from these transfers to the Implementing Agent for construction of RDP Houses. The transfers are recognized as Unspent Conditional Grants and Receipts in the Statement of Financial Position, and the revenue is only recognized in the Statement of Financial Performance once payments to the Implementing Agents are made upon handover of the houses to the beneficiaries.

17. BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset

Accounting Policies

acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

18. RETIREMENT BENEFITS

The municipality provides retirement benefits for its employees and councillors. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recognised as a liability and are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. Specific actuarial information in respect of individual participating municipalities is unavailable due to centralised administration of these funds. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

Other post-employment benefit obligations

The municipality provides post-retirement healthcare benefits to its retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. This benefit has since been restricted to persons 50 years and older of age as at 1 July 2005. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. The expected costs of these benefits will be accrued over the period of employment using an accounting methodology similar to that used for defined benefit pension plans. Actuarial gains and losses arising and changes in actuarial assumptions, are charged or credited to income over the expected average remaining working lives of the relevant employees.

19. KEY SOURCES OF ESTIMATION, UNCERTAINTY AND JUDGEMENTS

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgements include:

Trade Receivables

The municipality assesses its trade receivables for impairment at the end of each financial year for non-collectability. In determining whether an impairment should be recorded in surplus or deficit. Judgements are made as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Provisions

Provisions were raised and management used experts to determine an estimate based on information available. Additional disclosure of these estimates of provisions are included in note 4 on Provisions.

Post Retirement Benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact on the carrying amount of post retirement obligation.

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Accounting Policies

The municipality obtains an actuarial valuation of its post retirement healthcare benefit and disclosure of this obligation is included in note 5 on Retirement Benefit Obligations.

Allowance for Doubtful Debts

On debtors an impairment loss is recognised where there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows. In making the estimation of the impairment, management of the municipality considered the detailed criteria of impairment of financial assets as set out in IAS 39 – *Financial Instruments – Recognition and Measurement*.

Useful Lives of Property, Plant and Equipment

The municipality depreciates / amortises its property, plant and equipment, investment property and intangible assets over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when assets are available for use. The useful lives and residual lives are based on industry standards.

Impairment of Property, Plant and Equipment & Inventory

Estimates and judgements are made relating to property, plant and equipment for impairment testing and write-down of inventories to net realisable value as described in accounting policy 9 and 15 respectively.

20. RELATED PARTIES

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel are defined as the Municipal Manager, Chief Financial Officer, and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

21. COMMITMENTS

Commitments are future expenses and liabilities to be incurred on contracts that have been entered into at the reporting date.

The amount of capital commitments and other operating commitments contracted for at the reporting date, and which have not been recognised as liabilities are disclosed by way of note.

22. BUDGET INFORMATION

The budget figures have been prepared in accordance with the GRAP standards, and are consistent with the accounting policies used for the preparation of these financial statements. The amounts are scheduled as separate additional columns in the Statement of Comparison of Budget with Actual Information. These figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan (IDP).

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Accounting Policies

23. EVENTS AFTER THE REPORTING DATE

Events after the reporting date that are classified as adjusting events have been accounted for in the Financial Statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the Financial Statements.

Notes to the Financial Statements

30 June 2017

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1. Housing Development Fund

Unappropriated Surplus/(Deficit)	(18 850 360)
Loans extinguished by Government on 1 April 1998	47 124 502
	<u>28 274 142</u>

The Housing Operating Account is represented by the following assets and liabilities:

Housing selling scheme loans	2 856 085
Bank and cash	25 418 058
	<u>28 274 142</u>

2. Long-term Loans

Loans	7 282 446
Less : Current portion transferred to current liabilities	(534 661)
	<u>6 747 784</u>

Refer to Appendix A for more detail on long-term loans

3. Consumer Deposits

Electricity	9 997 798
Refuse	680 665
	<u>10 678 463</u>

Interest is not paid on Consumer Deposits

Guarantees held in lieu of Electricity Deposits totals R 6 394 855.

4. Provisions

Non-Current

4.1 Environmental Rehabilitation

Ladysmith Waste Disposal Site

Balance at beginning of period	30 072 155
Contribution to provision	6 176 739
	<u>36 248 893</u>

Indaka Waste Disposal Site

Balance at beginning of period	1 799 373
Contribution to provision	7 339 803
	<u>9 139 176</u>

45 388 070

Provision for reclamation of refuse landfill sites. In terms of the licencing of the refuse landfill sites, council will incur rehabilitation estimation costs of R 45 388 070, calculated as at 30 June 2017, to restore the sites at the end of their respective useful life.

The calculation is based on the total actual area of the Landfill sites which is in use and unrehabilitated multiplied by the last known actual rehabilitation cost per hectare escalated to current cost.

Current

4.2 Performance Bonuses

Balance at beginning of period	529 650
Contribution to provision	714 010
Expenditure incurred	(543 519)
	<u>700 141</u>

Performance bonuses are paid to the Municipal Manager and Section 56 Managers after an evaluation by the Council.

Notes to the Financial Statements

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4.3 Long Service Awards

The Long Service Awards is a defined benefit plan. The Municipality offers employees Long Service Awards for every five years of continuous service completed, from 10 years to 45 years of service, inclusive. As at 30 June 2017, 797 employees were eligible for Long Service Awards.

Completed Service (in years)	Long Service Bonuses (% of Annual Salary)	Description
10	4.0%	10 / 250 x Annual Salary
15	8.0%	20 / 250 x Annual Salary
20, 25, 30, 35, 40, 45	12.0%	30 / 250 x Annual Salary

In the month that each "Completed Service" milestone is reached, the employee is granted a Long Service Award. Working days awarded are valued at 1/250th of annual salary per day.

The amounts recognised on the Statement of Financial Position are as follows:

Fair Value of Plan Assets	-
Accrued Liability	8 464 580
Unfunded Accrued Liability	8 464 580
Unrecognised Transitional Liability	-
Unrecognised Actuarial Gains/(Losses)	-
Unrecognised Past Service Cost	-
Net Liability in Statement of Financial Position	8 464 580

Movement in the Defined Benefit Obligation recognised in the Statement of Financial Position:

Opening liability	8 576 187
Current service cost	898 363
Interest cost	685 432
Actual benefits paid	(1 284 941)
Actuarial loss / (gain)	(410 461)
Closing Balance	8 464 580
Current Portion of Liability	598 554
Non-Current Portion of Liability	7 866 026
	8 464 580

The amounts recognised in the Statement of Financial Performance are as follows:

Current service cost	898 363
Interest cost	685 432
Actuarial loss / (gain) recognised	(410 461)
Total included in Statement of Financial Performance	1 173 334

Statistical information used to calculate the valuation is based on 30 June 2017 assumptions.

Key Financial Assumptions Used

Assumption	Value p.a.
Discount Rate	8.44%
General Salary Inflation (long-term)	6.26%
Net Effective discount rate	2.05%

The discount rate was determined by deducing from the yield curve obtained from the Johannesburg Stock Exchange after the market close on 30 June 2017.

The liability-weighted average term of the total liability is 6.91 years.

Key Demographic Assumptions Used

Average retirement age	60
Mortality during employment	SA 85 - 90

Withdrawal from service (sample annual rates) :

Age Band	Males	Females
20	16%	24%
30	12%	18%
40	8%	10%
50	4%	4%
55	2%	2%

Notes to the Financial Statements

30 June 2017

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4.3 Long Service Awards (Continued)
Sensitivity Analysis

Assumption	Change	Liability	% Change
Central assumptions		8.465	
General salary inflation	+1%	8.996	6%
	-1%	7.980	-6%
Discount Rate	+1%	7.954	-6%
	-1%	9.036	7%
Average retirement age	-2 yrs	7.489	-12%
	+2 yrs	9.628	14%
Withdrawal rates	-50%	10.558	25%

Assumption	Change	Current Service Cost	Interest Cost	Total	% Change
Central assumptions		R 872 900	R 689 700	R 1 562 600	
General salary inflation	+1%	R 946 600	R 734 600	R 1 681 200	8%
	-1%	R 807 100	R 648 900	R 1 456 000	-7%
Discount Rate	+1%	R 811 900	R 723 300	R 1 535 200	-2%
	-1%	R 942 300	R 650 500	R 1 592 800	2%
Average retirement age	-2 yrs	R 786 100	R 607 400	R 1 393 500	-11%
	+2 yrs	R 963 400	R 786 900	R 1 750 300	12%
Withdrawal rates	-50%	R 1 229 400	R 866 400	R 2 095 800	34%

Trend Information

	Year Ending 30/06/2017	Year Ending 30/06/2018	Year Ending 30/06/2019
Opening Accrued Liability	R 8 576 187	R 8 464 580	R 9 428 684
Current-service Cost	R 898 363	R 872 937	R 946 619
Interest Cost	R 685 432	R 689 721	R 744 984
Benefit Vestings	R -1 284 941	R -598 554	R -1 230 137
Total Annual Expense	R 298 854	R 964 104	R 461 466
Actuarial Loss / (Gain)	R -410 461		
Closing Accrued Liability	R 8 464 580	R 9 428 684	R 9 890 150

The Municipality expects to pay R 598 554 for long-service leave benefits the 2017/2018 financial year.

The valuation as at 30 June 2017 was performed by ARCH Actuarial Consulting CC.

ARCH Actuarial Consulting CC is not affiliated to the Municipality.

The full actuarial valuation report as at 30 June 2017 is available on request.

Notes to the Financial Statements

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5. Retirement Benefit Obligations

Post-Retirement Medical Aid Plan

The Municipality offers employees and continuation members the opportunity of belonging to one of several medical schemes, most of which offer a range of options pertaining to levels of cover.

Upon retirement, an employee may continue membership of the medical scheme. Upon a member's death-in-service, or death-in-retirement, the surviving dependants may continue membership of the medical scheme.

Eligible employees will receive a post-employment subsidy of 60% of the contribution payable should they be a member of a medical scheme at retirement and if they were aged 55 or older on 1 January 2005.

The subsidy will be 50% for those in-service members who were aged between 50 and 55 on 1 January 2005. Other in-service members do not qualify for the post-employment subsidy.

If an employee chooses to take early retirement, he or she must be at least 55 years of age at the time of retirement and have at least 25 continuous years' service, provided they are eligible as at 1 January 2005, as per above.

The total in-service employees belonging to Medical Schemes as at 30 June 2017 were 4 and the total continuation employees receiving the medical benefit as at 30 June 2017 were 67. This is estimated to be the same as at the reporting date of 30 June 2017.

The amounts recognised on the Statement of Financial Position are as follows:

Present value of obligations	29 897 013
Fair value of plan assets	-
Unrecognised Past Service cost	-
Unrecognised actuarial (gains)/losses	-
Liability Recognised in Balance Sheet	<u>29 897 013</u>

Movement in the Defined Benefit Obligation recognised in the Statement of Financial Position:

Opening liability	31 309 920
Current service cost	-
Interest cost	2 721 125
Actual benefits paid	(2 193 658)
Actuarial loss / (gain)	(1 940 374)
Closing Balance	<u>29 897 013</u>

The amounts recognised in the Statement of Financial Performance are as follows:

Current service cost	-
Interest cost	2 721 125
Actuarial loss / (gain) recognised	(1 940 374)
Total included in Statement of Financial Performance	<u>780 751</u>

Current Portion of Liability	2 522 421
Non-Current Portion of Liability	27 374 592
	<u>29 897 013</u>

Statistical information used to calculate the valuation is based on 30 June 2017 assumptions.

Key Financial Assumptions Used

Assumption	Value p.a.
Discount Rate	8.94%
Health care cost inflation rate	7.27%
Net discount rate - health care cost inflation	1.56%
Maximum subsidy inflation rate	5.08%
Net discount rate - maximum subsidy inflation	3.68%

The discount rate was determined by deducing from the yield curve obtained from the Johannesburg Stock Exchange after the market close on 30 June 2017.

Notes to the Financial Statements

30 June 2017

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5. Retirement Benefit Obligations (Continued)

Key Demographic Assumptions Used

Average retirement age	60
Continuation of membership at retirement	90%
Proportion assumed married at retirement	100%
Proportion of eligible current non-member employees joining the scheme by retirement	25%
Mortality during employment	SA 85 - 90
Mortality post-retirement	PA(90)

Withdrawal from service (sample annual rates) :

Age Band	Males	Females
20	16%	24%
30	10%	15%
40	6%	6%
50	2%	2%
55	1%	1%

Sensitivity Analysis on the Accrued Liability (R Millions)

Assumption	Change	In-service	Continuation	Total	% Change
Central Assumptions		2.530	27.367	29.897	
Health care inflation	+1%	2.662	28.591	31.253	5%
	-1%	2.359	25.881	28.241	-6%
Discount Rate	+1%	2.291	25.248	27.538	-8%
	-1%	2.813	29.830	32.643	9%
Post-retirement mortality	-1 yr	2.604	28.412	31.015	4%
Continuation of membership at retirement	-10%	2.014	27.367	29.381	-2%

Sensitivity Analysis on Interest Costs for the year ending 30 June 2018

Assumption	Change	Interest Cost	% Change
Central Assumptions		R 2 563 800	
Health care inflation	+1%	R 2 684 500	5%
	-1%	R 2 416 200	-6%
Discount rate	+1%	R 2 616 200	2%
	-1%	R 2 495 100	-3%
Post-retirement mortality	-1 yr	R 2 663 800	4%
Continuation of membership retirement	-10%	R 2 517 700	2%

	Year ending 30/06/2017	Year ending 30/06/2018	Year ending 30/06/2019
Opening Accrued Liability	R 31 500 717	R 29 897 013	R 29 938 385
Current-service Cost	R -	R -	R -
Interest Cost	R 2 721 125	R 2 563 793	R 2 559 464
Expected Contributions (benefits paid)	R -2 384 455	R -2 522 421	R -2 705 876
Total Annual Expense	R 336 670	R 41 372	R -146 412
Actuarial Loss / (Gain)	R -1 940 374		
Closing Accrued Liability	R 29 897 013	R 29 938 385	R 29 791 973

The Municipality expects to pay R 2 522 421 to its post-retirement medical aid plan in the 2017/2018 financial year.

The valuation as at 30 June 2017 was performed by ARCH Actuarial Consulting CC.

ARCH Actuarial Consulting CC is not affiliated to the Municipality.

The full actuarial valuation report as at 30 June 2017 is available on request.

Notes to the Financial Statements

30 June 2017

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6. Trade and Other Payables from Exchange Transactions

Trade Creditors	109 161 929
Retentions	30 050 404
Unidentified Deposits in Primary Bank Account	4 783 252
Deposits : Other	3 091 327
Other Creditors	9 550 426
Employee Benefits / Accruals	22 058 923
Payments Received in Advance i.r.o. Service Debtors	13 254 672
	191 950 932

Trade Creditors are valued at fair value as creditors are paid 30 days from date of statement.

Trade payables are non-interest-bearing and normally settled on 30-day terms, except retentions that could be settled after 12 months. Payments received in advance are non-interest bearing and normally settled on 30-day terms.

Management policies are in place to ensure that all payables are paid within a reasonable timeframe, as stipulated in the MFMA, to ensure sound financial risk management.

7. Unspent Conditional Grants and Receipts

Department of Housing	14 471 297
Disaster Recovery Grant (DRG)	-
Expanded Public Works Programme (EPWP)	-
Financial Management Grant (FMG)	-
Housing Accreditation	2 838 520
Integrated National Electricity Programme (INEP)	-
Municipal Demarcation Transition Grant (MDTG)	-
Municipal Infrastructure Grant (MIG)	-
Museum Subsidy	-
Provincialisation of Libraries	-
Recapitalisation of Libraries	-
Workstudy Exercise at Merged Municipalities Grant	-
Other Grants	7 800 537
	25 110 354

8. VAT Receivable**16 435 376**

VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

Notes to the Financial Statements

30 June 2017

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9. PROPERTY, PLANT AND EQUIPMENT

30 June 2017

Reconciliation of Carrying Value	Infrastructure	Community	Other	Land	Total
	R	R	R	R	R
Carrying values at 9 August 2016	887 498 858	189 348 167	160 863 875	237 512 018	1 475 222 918
Cost	1 732 867 907	288 601 239	249 972 312	235 492 018	2 506 933 476
Capital under Construction	32 222 411	44 175 099	3 297 298	2 020 000	81 714 807
Accumulated impairment	(3 534 137)	(1 558 728)	(1 526 640)	-	(6 619 505)
Accumulated depreciation	(874 057 323)	(141 869 444)	(90 879 095)	-	(1 106 805 861)
Acquisitions	185 595 853	48 166 370	11 686 570	2 020 000	247 468 794
Capital under Construction	(29 631 404)	(13 574 501)	(3 297 298)	(2 020 000)	(48 523 202)
Depreciation	(77 374 447)	(16 086 421)	(44 262 495)	-	(137 723 363)
Impairment	(24 773 254)	(5 589 347)	(22 167)	-	(30 384 768)
Carrying value of disposals	(1 348 528)	-	(1 519 277)	(1 988 000)	(4 855 805)
Cost/revaluation	(2 523 586)	-	(4 190 566)	(1 988 000)	(8 702 151)
Accumulated depreciation	1 175 057	-	2 671 289	-	3 846 346
Carrying values at 30 June 2017	939 967 078	202 264 268	123 449 210	235 524 018	1 501 204 573
Cost	1 915 940 175	336 767 610	257 468 317	235 524 018	2 745 700 118
Capital under Construction	2 591 008	30 600 598	-	-	33 191 605
Accumulated impairment	(28 307 391)	(7 148 075)	(1 548 807)	-	(37 004 272)
Accumulated depreciation	(950 256 713)	(157 955 865)	(132 470 300)	-	(1 240 682 878)

Refer to Appendix B for more detail on property, plant and equipment.

Infrastructure Assets and Community Assets
Physical verification and valuation

- Infrastructure assets were physically verified during the 2016/2017 financial year. During this process the asset location, condition and maintenance history was recorded and evaluated.

Capital Under Construction

There are currently 6 projects listed as Capital Under Construction as at 30 June 2017, however the 2 projects listed below are delayed or taking longer than expected to complete:

- Construction of the Ezakheni Sports Complex : Amount disclosed in PPE - R 20 724 611
This project has had significant delays in completion due to the termination of contracts for appointed contractors, who have failed to complete the project and have not met the correct specifications in terms of the project
- Emnambithi Indoor Sports Complex : Amount disclosed in PPE - R 5 115 727
This is a longer term project and the planning and study phase of this project has been completed.

Repairs and Maintenance

Repairs and maintenance are costs related to the repair and maintenance of Council owned Property, Plant and Equipment during the period

Included in repairs and maintenance are the following:

Payments to service providers - Contracted Services	11 481 852
Materials used from Inventory - General Expenses - Consumable Stores	3 528 016
Employee costs charged to repairs and maintenance - Remuneration of Employees	18 325 058
Transport costs charged to repairs and maintenance - General Expenses	3 016 372
	36 351 298

Notes to the Financial Statements

30 June 2017

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10. Intangible Assets

30 June 2017

	Opening Balance R	Additions R	Disposals R	Transfers R	Total R
Cost					
Servitudes	41 623	-	-	-	41 623
Computer Software	2 307 035	792 422	-	-	3 099 457
Total	2 348 658	792 422	-	-	3 141 080
Accumulated Amortisation					
Servitudes	-	-	-	-	-
Computer Software	(2 052 064)	(261 280)	-	-	(2 313 344)
Total	(2 052 064)	(261 280)	-	-	(2 313 344)
Carrying Value	296 594	531 141	-	-	827 735

Intangible assets disclosed relate to computer software and to servitudes registered by the municipality. The balance of the servitudes are disclosed in Property, Plant and Equipment. It has been the policy of this municipality to capitalise servitudes to projects which are currently disclosed as Infrastructure costs.

11. Investment Properties

30 June 2017

	Opening Balance R	Additions R	Fair Value Adjustment / Impairment R	Transfers / Disposals R	Total R
Cost					
Total	125 502 179	-	76 734 628	(356 000)	201 880 806
Accumulated Depreciation					
Total	-	-	-	-	-
Carrying Value	125 502 179	-	76 734 628	(356 000)	201 880 806

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

The fair value of the above properties is R 201 880 806. Investment properties have been valued in accordance with the municipal valuation roll and has been adjusted to take into account current market conditions.

The last effective date of the fair value adjustments was June 2017. The valuations were performed by a Professional Valuer. The valuation was based on the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The municipal valuer has extensive experience in the location and category of investment property valued with the necessary qualifications.

Investment Property valued at R 7 067 000 was rented / leased during the period and rental income of R 136 506 was recognised and disclosed in the Statement of Financial Performance as Rental of facilities and equipment.

There were no direct expenses related to investment property, including repairs and maintenance, for this financial period.

Notes to the Financial Statements

30 June 2017
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12. Heritage Assets

30 June 2017

	Opening Balance R	Additions R	Disposals R	Transfers R	Total R
Cost					
Buildings	15 277 000	-	-	-	15 277 000
Other	1 774 512	-	-	-	1 774 512
Total	17 051 512	-	-	-	17 051 512
Accumulated Amortisation					
Buildings	-	-	-	-	-
Other	-	-	-	-	-
Total	-	-	-	-	-
Carrying Value	17 051 512	-	-	-	17 051 512

The Municipality accounts for Heritage Assets under GRAP 103.

Subsequent to initial recognition, heritage assets are measured at cost less accumulated impairment losses. These assets were assessed for impairment during the 2016/2017 financial year.

13. Self-Insurance Fund

Opening balance	12 436 552
Contributions / Interest	1 656 763
Insurance Claims processed	(642 955)
	13 450 360

The Municipality has a Self-Insurance Fund to set aside amounts to offset potential losses or claims, which fall under a stop loss determined and calculated by Council's insurance broker based on the insurance risk carried by the Municipality. The funds are kept in a separate call account and invested on short-term fixed deposits, and the interest earned is credited to the fund.

14. Non-current Receivables from Exchange Transactions

State Housing Selling Schemes	15 414
	15 414

15. Inventories

Unsold properties and assets held for resale	23 078 462
Consumable Stores	13 269 818
Inventory Assets	2 600 977
	38 949 257

Notes to the Financial Statements

30 June 2017
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16. Trade and Other Receivables from Exchange Transactions

As at 30 June 2017	Gross Balances	Provision for Bad Debts	Net Balance
Electricity	36 545 276	(7 811 957)	28 733 319
Refuse	25 046 946	(23 276 019)	1 770 928
Housing Debtors	1 753 533	(1 637 955)	115 579
	63 345 755	(32 725 930)	30 619 826

Electricity : Ageing

Current (0 - 30 days)	25 512 718
31 - 60 Days	2 165 217
61 - 90 Days	423 478
91 - 120 Days	847 680
121+ Days	7 596 183
	36 545 276

Refuse : Ageing

Current (0 - 30 days)	(7 679)
31 - 60 Days	1 324 041
61 - 90 Days	1 164 434
91 - 120 Days	1 257 778
121+ Days	21 308 372
	25 046 946

Housing : Ageing

Current (0 - 30 days)	33 386
31 - 60 Days	28 204
61 - 90 Days	27 168
91 - 120 Days	26 821
121+ Days	1 637 955
	1 753 533

Reconciliation of the doubtful debt provision

Balance at beginning of the period	21 200 249
Contributions to provision	16 458 347
Doubtful debts written off against provision	(4 932 666)
	32 725 930

Trade and other receivables from exchange transactions impaired

As of 30 June 2017, trade and other receivables of R 62 863 973 were impaired and provided for.
The amount of the provision was R 32 725 930 as at 30 June 2017.
The ageing of these receivables is as follows:

31 - 60 Days	3 044 706
61 - 90 Days	1 398 009
91 - 120 Days	1 845 696
121+ Days	26 437 519
	32 725 930

The fair value of trade and other receivables from exchange transactions approximates their carrying amounts.

Debtors are individually evaluated at financial year end for impairment. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment, where applicable.
Evaluation of impairment includes all debt passed 30 days, and considers past and current payment patterns.

Notes to the Financial Statements

30 June 2017
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17. Other Receivables from Non-Exchange Transactions

As at 30 June 2017	Gross Balances	Provision for Bad Debts	Net Balance
Rates	172 492 175	(113 989 456)	58 502 719
Vat Service Debtors	8 667 795	-	8 667 795
Legal Fees - Debtors	449 910	(425 545)	24 365
Credit Control Costs - Debtors	151 352	(138 302)	13 049
Traffic Fines	37 748 161	(17 167 263)	20 580 898
Receivables - Penalties / Interest	15 469 865	(8 566 380)	6 903 486
Sundry Debtors	15 096 261	(4 150 578)	10 945 683
	250 075 520	(144 437 525)	105 637 995

Rates : Ageing

Current (0 - 30 days)	857 421
31 - 60 Days	5 247 866
61 - 90 Days	4 135 005
91 - 120 Days	4 772 225
121+ Days	157 479 658
	172 492 175

Reconciliation of the doubtful debt provision

Balance at beginning of the year	111 831 572
Contributions to provision	32 942 017
Doubtful debts written off against provision	(336 064)
	144 437 525

Trade and other receivables from non-exchange transactions impaired

As of 30 June 2017, trade and other receivables of R 249 199 687 were impaired and provided for. The amount of the provision was R 144 437 525 as at 30 June 2017. The ageing of these receivables is as follows:

31 - 60 Days	3 031 040
61 - 90 Days	2 388 278
91 - 120 Days	2 756 321
121+ Days	136 261 886
	144 437 525

The fair value of trade and other receivables from non-exchange transactions approximates their carrying amounts.

All Debtors with the exclusion of Vat Service Debtors are individually evaluated at financial year end for impairment. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment, where applicable. Evaluation of impairment includes all debt passed 30 days, and considers past and current payment patterns, where applicable.

18. Investments

Short-Term Investments	
- ABSA	10 094 315
- Investec	10 094 513
- Standard Bank	10 094 623
	30 283 451

Notes to the Financial Statements

30 June 2017

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19. Cash and Cash Equivalents

The Municipality has the following call deposit bank accounts :-

General Call Account

ABSA Bank - Public Sector Banking

Account Number 9207051716

Bank statement balance at end of period 71 347 894

Department of Housing Grants Call Account

ABSA Bank - Public Sector Banking

Account Number 9207052314

Bank statement balance at end of period 15 633 297

Grant Funds Call Account

ABSA Bank - Public Sector Banking

Account Number 9207054081

Bank statement balance at end of period 66 059 697

Ladysmith Black Mambazo Call Account

ABSA Bank - Public Sector Banking

Account Number 9236410696

Bank statement balance at end of period 1 758 015

Self-Insurance Fund Call Account

ABSA Bank - Public Sector Banking

Account Number 9251267674

Bank statement balance at end of period 13 471 757

Housing Operating Call Account

ABSA Bank - Public Sector Banking

Account Number 9274469611

Bank statement balance at end of period 25 263 421

Housing Capacity Fund Call Account

ABSA Bank - Public Sector Banking

Account Number 9285122301

Bank statement balance at end of period 2 896 008

Disaster Recovery Grant Call Account

ABSA Bank - Public Sector Banking

Account Number 9305740716

Bank statement balance at end of period 29 339 016

225 769 104

The Municipality has the following primary bank account :-

Current Account (Primary Bank Account)

ABSA Bank - Public Sector Banking

Account Number 4071756088

Cash book balance at beginning of period 142 529 312

Cash book balance at end of period 6 155 304

Bank statement balance at beginning of period 160 035 382

Bank statement balance at end of period 30 463 901

Cash and cash equivalents consist of:

Short-term Investments 30 283 451

Call deposits 225 769 104

Bank balance and cash 6 155 304

262 207 859

Guarantee Held on Primary Account

The Municipality has a guarantee of R120 000 held in favour of The South African Post Office.

Notes to the Financial Statements

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20. Property Rates

Actual	
Residential	67 000 173
Industrial / Commercial / Business	31 708 383
Agriculture	2 577 902
Vacant Land	6 881 011
Game Hunting / Eco-Tourism	1 062 573
State	10 414 500
Other	-
Industrial Estate Serviced By Agent	1 887 818
Industrial Estate Serviced By Owner	460 722
	<u>121 993 082</u>
Less: Revenue Foregone	(230 855)
Total Assessment Rates	<u>121 762 227</u>

	R'000
Valuations	
Residential & Bed and Breakfast	6 614 784
Industrial / Commercial / Business	1 579 777
Agriculture	985 028
Public Service Infrastructure	15 686
Vacant Land	163 868
Rural Residential	304 947
Game Hunting / Eco-Tourism	126 360
Municipal Domestic	197 391
State	1 326 035
Land Reform < 10 Years	129 370
Non Profit Organisations	70 037
Religious	193 140
Industrial Estate Serviced By Agent	161 729
Industrial Estate Serviced By Owner	39 470
Ingonyama Trust	18 440
Municipal Vacant Land	125 145
Public Open Spaces	6 058
Other	12 219
Total Property Valuations	<u>12 069 484</u>

Valuation on land and buildings is performed every four years. The last valuation came into effect on 1 July 2013. Supplementary valuations are processed on an ad-hoc basis to take into account changes in individual property values due to change in use, alterations, consolidations and subdivisions.

The following property allocation factors (rate) are applied to the various categories of property to determine assessment rates less the impermissible valuation allowed :

Category	Rate	Impermissible Valuation	Rebate
Residential	R 0.01238	R 15 000	-
Residential - Indaka	R 0.01290	R 135 000	-
Industrial/Commercial/Business	R 0.02218	-	-
Industrial/Commercial/Business - Indaka	R 0.01939	-	-
Agriculture	R 0.00307	-	-
Agriculture - Indaka	R 0.00307	-	-
Vacant Land	R 0.05136	-	-
Vacant Land - Indaka	R 0.01520	-	-
Game Hunting / Eco-Tourism	R 0.00925	-	-
State	R 0.02284	-	-
PSI - Indaka	R 0.00307	30%	20%
Industrial Estate	R 0.01284	-	-
Public Service Purposes - Indaka	R 0.00307	-	-

Rates are levied on a monthly basis on property owners with the final date of payment being 30 June 2017.

Notes to the Financial Statements

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21. Service Charges

Electricity	278 318 343
Refuse removal	19 769 680
	<u>298 088 023</u>

22. Government Grants and Subsidies

Disaster Recovery Grant (DRG)	50 000 000
Equitable Share	153 116 000
Expanded Public Works Programme (EPWP)	4 710 815
Financial Management Grant (FMG)	3 408 398
Housing Accreditation	356 141
Integrated National Electricity Programme (INEP)	-
Municipal Demarcation Transition Grant (MDTG)	9 714 000
Municipal Infrastructure Grant (MIG)	70 353 000
Museum Subsidy	175 000
Provincialisation of Libraries	4 035 000
Recapitalisation of Libraries	738 000
Workstudy Exercise at Merged Municipalities Grant	700 000
Other Grants	231 719
	<u>297 538 072</u>

The Municipality received INEP funding for Electrification Projects which are in the Eskom serviced areas. The grant utilised in the amount of R 11 617 960 is not recognised in the Statement of Financial Performance, as the projects are carried out on behalf of Eskom.

22.1 Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All residents may apply for indigency in terms of the Municipality's Indigent Policy.

22.2 Municipal Infrastructure Grant (MIG)

Balance unspent at beginning of period	-
Current year receipts	70 353 000
Conditions met - transferred to revenue (Other)	(70 353 000)
Conditions still to be met - transferred to liabilities	-

This grant is utilised to construct roads and bridges, sportsfields, community halls and streetlighting as part of the upgrading of informal settlement areas (included in the votes in Appendix B). No funds have been withheld.

22.3 Department of Housing

Balance unspent at beginning of period	14 471 297
Current year receipts	-
Conditions met - transferred to revenue	-
Conditions still to be met - transferred to liabilities	<u>14 471 297</u>

This grant is utilised to construct houses as part of the upgrading of informal settlement areas.

22.4 Museum subsidy

Balance unspent at beginning of period	-
Current year receipts	175 000
Conditions met - transferred to revenue	(175 000)
Conditions still to be met - transferred to liabilities	-

This grant is utilised to subsidise expenses incurred solely for the Museums.

22.5 Financial Management Grant (FMG)

Balance unspent at beginning of period	(41 602)
Current year receipts	3 450 000
Conditions met - transferred to revenue	(3 408 398)
Conditions still to be met - transferred to liabilities	-

This grant is utilised for Interns' salaries to advance the implementation of the MFMA, training of officials to meet the minimum competency requirements, and for Asset Management and Financial System enhancements and training.

Notes to the Financial Statements

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22. Government Grants and Subsidies (Continued)

22.6 Municipal Demarcation Transition Grant (MDTG)

Balance unspent at beginning of period	-
Current year receipts	9 714 000
Conditions met - transferred to revenue	(9 714 000)
Conditions still to be met - transferred to liabilities	-

This grant is utilised for processes and systems required for the merger of the two municipalities

22.7 Integrated National Electricity Programme Grant (INEP)

Balance unspent at beginning of period	117 960
Current year receipts	11 500 000
Conditions met	(11 617 960)
Conditions still to be met - transferred to liabilities	-

This grant is utilised for electricity connections to households in various areas.

The grant utilised in the amount of R 11 617 960 is not transferred to revenue, as the projects are carried out on behalf of Eskom.

22.8 Expanded Public Works Program Grant (EPWP)

Balance unspent at beginning of period	(195 185)
Current year receipts	4 906 000
Conditions met - transferred to revenue	(4 710 815)
Conditions still to be met - transferred to liabilities	-

The Expanded Public Works Programme is a government programme aimed at the alleviation of poverty and unemployment.

This programme ensures the full engagement on Labour Intensive Methods of Construction to workers for skills development.

22.9 Disaster Recovery Grant (DRG)

Balance unspent at beginning of period	(517 198)
Current year receipts	50 517 198
Conditions met - transferred to revenue	(50 000 000)
Conditions still to be met - transferred to liabilities / debtor raised for spending in advance	-

The Disaster Recovery Grant is received for storm damages that occurred in the Municipal Area to repair bridges, roads and electrical infrastructure.

22.10 Housing Accreditation

Balance unspent at beginning of period	1 180 812
Current year receipts	2 013 848
Conditions met - transferred to revenue	(356 141)
Conditions still to be met - transferred to liabilities	2 838 520

This grant is utilised to capacitate the Municipality in the construction of houses as part of the upgrading of informal settlement areas.

22.11 Provincialisation of Libraries

Balance unspent at beginning of period	-
Current year receipts	4 035 000
Conditions met - transferred to revenue	(4 035 000)
Conditions still to be met - transferred to liabilities	-

This grant is utilised to subsidise expenditure and upgrading of Libraries.

22.12 Recapitalisation of Libraries

Balance unspent at beginning of period	-
Current year receipts	738 000
Conditions met - transferred to revenue	(738 000)
Conditions still to be met - transferred to liabilities	-

This grant is utilised for the remuneration of Cyber Cadets in Libraries.

Notes to the Financial Statements

30 June 2017

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22. Government Grants and Subsidies (Continued)**22.13 Workstudy Exercise Grant**

Balance unspent at beginning of period	-
Current year receipts	700 000
Conditions met - transferred to revenue	(700 000)
Conditions still to be met - transferred to liabilities	-

22.14 Other Grants

Balance unspent at beginning of period	3 232 256
Current year receipts	4 800 000
Conditions met - transferred to revenue	(231 719)
Conditions still to be met - transferred to liabilities	7 800 537

The Municipality received grants for Records Management, Translation and Promulgation of By-Laws, Development, Planning and Shared Services, Scheme Support Program (LUMS), Ladysmith Black Mambazo Academy and for the Ladysmith Airport during this period.

22.15 Changes in levels of government grants

Based on the allocations set out in the Division of Revenue Act, (Act 1 of 2005), there has been a reduction in the level of government grant funding expected over the forthcoming 3 financial years.

Notes to the Financial Statements

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23. Employee Related Costs

Salaries and Allowances	143 065 091
Contributions for UIF, pensions, medical aids, group life and bargaining council	28 431 279
Travel allowances	13 449 990
Housing benefits and other allowances	3 547 205
Overtime & standby payments	7 113 317
Job Creation	16 875 866
	212 482 749

There were no advances or loans made to employees.

Remuneration of the Municipal Manager : Mr M P Khathide

Salaries	1 222 370
Allowances - Subsistence & Travelling	27 610
Performance Bonus	113 207
	1 363 188

Remuneration of the Chief Financial Officer : Mr M Hloba

Salaries	1 142 154
Allowances - Subsistence & Travelling	30 554
Performance Bonus	93 890
	1 266 598

Remuneration of the Executive Director: Corporate Services : Ms SS Ngiba

Salaries	1 005 924
Allowances - Subsistence & Travelling	24 469
Performance Bonus	77 700
	1 108 094

Remuneration of the Executive Director: Community Services : Mr P B B Simelane

Salaries	1 010 072
Allowances - Subsistence & Travelling	10 972
Performance Bonus	93 392
	1 114 436

Remuneration of the Executive Director: Development, Planning & Human Settlement : Mr P S Mkhize

Salaries	1 033 172
Allowances - Acting and Subsistence & Travelling	47 959
Performance Bonus	83 015
	1 164 146

Remuneration of the Executive Director: Public Works and Basic Services : Mr S O Hlatshwayo

Salaries	1 119 433
Allowances - Acting and Subsistence & Travelling	83 368
Performance Bonus	31 297
	1 234 098

Alfred Duma Local Municipality

Financial Statements for the financial year ended 30 June 2017

Notes to the Financial Statements

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24. Remuneration of Councillors

Mayor	738 065
Deputy Mayor	587 470
Speaker	594 531
Chief Whip	385 935
MPAC Chairperson	457 877
EXCO Committee Members	2 191 313
Councillors	14 797 157
	<u>19 752 349</u>

In-kind Benefits

The Mayor, Deputy Mayor, Speaker, Chief Whip are full-time employees of the Municipality. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor, Deputy Mayor and Speaker have the use of Council-owned vehicles for official duties.

The Mayor, Deputy Mayor and other Councillors have bodyguards at the cost of Council.

25. Finance Costs

Long-term liabilities	<u>499 466</u>
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26. Bulk Purchases

Electricity - Eskom	<u>178 560 755</u>
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Distribution Losses : Electricity

	KWh	
Value of Purchases at Purchase Price	239 241 846	142 027 759
Less : Sales at Purchase Price	(218 505 924)	(129 717 719)
Total Losses	<u>20 735 922</u>	<u>12 310 039</u>
Technical Losses	11 962 092	7 190 415
Non-Technical Losses	8 773 830	5 119 624
Total Losses	<u>20 735 922</u>	<u>12 310 039</u>
Percentage of Total Loss	8.67%	8.67%

The value of loss is calculated using the bulk purchase price.

Notes to the Financial Statements

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27. Contracted Services

Internal Audit	632 545
IT System and Support	9 323 315
Payment Services	497 658
Refuse Removal	1 157 080
Security Services	15 365 276
Other	708 500
	<u>27 684 374</u>

28. General Expenses

Included in general expenses are the following:

Advertising	726 497
Audit Committee	249 045
Audit Fees	6 022 536
Bank Charges	1 059 973
Bulk Discounts	563 590
Conferences & Delegations	1 898 512
Consultants	14 794 619
Consumable Stores - Maintenance of Assets	3 528 016
Contractors - Maintenance of Assets	11 481 852
Disconnections & Reconnections	378 107
Electricity - Municipal Premises	4 199 863
Electricity - Streetlighting	4 437 757
Emergency Relief Fund	538 421
Entertainment Expenses	129 350
Events / Programmes	13 523 656
Indigency - Electricity / Alternative Energy	7 541 539
Insurance	3 582 255
Integrated Development Plan	607 495
Interest Paid	581 436
Legal Expenses	1 118 203
Licence Fees	797 545
Local Economic Development	1 165 651
Materials & Sundries	641 218
Funeral Assistance	120 667
Postage	1 640 908
Post Retirement Benefits	2 721 125
Printing & Stationery	1 964 621
Protective Clothing	1 741 062
Publicity	660 899
Public Meetings	533 194
Refurbishment - NER Requirements	1 917 666
Rental - Office Machines	441 489
SARS - Skills Development Levy	1 855 565
Telephone & Cellphone Costs	4 142 179
Training Staff & Councillors	2 081 654
Transitional Costs / Organograms	900 000
Valuation Costs	2 329 864
Vehicle / Transport Costs	19 878 454
Ward Committees	3 136 617
Water / Sanitation	1 580 732
Youth Development Programme	1 695 899
Other General Expenses	3 529 015
	<u>132 438 747</u>

Notes to the Financial Statements

30 June 2017

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29. Cash Generated By Operations

Surplus/(Deficit) for the year	56 056 880
Adjustment for:-	
Adjustments in Respect of Previous Years & Appropriations	18 660 556
Depreciation / Amortisation	137 984 643
(Profit)/Loss on disposal of assets	2 164 202
Contribution to long service awards provision	111 607
Contribution to performance bonus provision	714 010
Contribution to landfill site rehabilitation	13 516 542
Contribution to retirement benefit obligation	1 412 907
(Gain)/Loss on fair value adjustment and impairment	(76 734 628)
Operating surplus before working capital changes:	153 886 720
(Increase)/decrease in inventories	(5 162 770)
(Increase)/decrease in exchange debtors	6 455 389
(Increase)/decrease in non-exchange debtors	4 446 643
(Increase)/decrease in non-current receivables	(1 400)
(Decrease)/increase in unspent conditional grants and receipts	2 680 979
(Decrease)/increase in creditors	53 580 959
(Decrease)/increase in deposits	1 674 339
(Increase)/decrease in VAT Receivable	(1 383 777)
	216 177 082

30. Unauthorised, Irregular, Fruitless and Wasteful Expenditure
30.1 Unauthorised Expenditure

Opening balance	424 706
Unauthorised expenditure current year	124 771 378
Approved by council or condoned	-
Transfer to receivables for recovery - not condoned	-
Unauthorised expenditure awaiting authorisation	125 196 084
Depreciation and Impairment Cost - Former Indaka Municipality	424 706
Payment ordered by Court to Service Provider - Former Indaka Municipality	1 646 343
Bad debts contribution to receivables	16 076 097
Depreciation	67 993 041
Contracted services	4 256 267
Impairment cost of PPE	28 619 592
Loss on disposal of PPE	2 164 202
Inventories: Write-down to net realisable value	605 454
General expenses	3 410 382
	125 196 084

Council condoned the Unauthorised Expenditure of R 2 071 049 at a Council meeting held on 27 July 2017.

30.2 Irregular Expenditure

Opening balance	142 651 484
Irregular expenditure current year	25 829 795
Written Off	-
Transfer to receivables for recovery - not condoned	-
Irregular expenditure awaiting authorisation	168 481 279
Irregular expenditure is related to the non-adherence of Supply Chain Management procedures.	
- Non-compliance with the PPPFA Regulation	1 017 420
- Persons in the service of the state	961 161
- Non-compliance with the SCM Regulations	166 502 698
Written Off	-
	168 481 279

30.3 Fruitless and Wasteful Expenditure

Opening balance	6 317 223
Fruitless and Wasteful expenditure current year	581 297
Approved by council or condoned	-
Recovered	-
Transfer to receivables for recovery - not condoned	-
Fruitless and Wasteful expenditure awaiting authorisation	6 898 520

Fruitless and Wasteful expenditure is related to expenditure that was made in vain and would have been avoided had reasonable care been exercised.

Notes to the Financial Statements

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31. Additional Disclosures in Terms of Municipal Finance Management Act
31.1 Contributions to organised local government

Opening balance	-
Council subscriptions	-
Amount paid - current year	-
Amount paid - previous years	-
Balance unpaid (included in creditors)	-

The contribution for the 2016/2017 financial year was paid in July 2016 under the previous Municipality.

31.2 Audit Fees

Opening balance	-
Current year audit fee	6 859 795
Amount paid - current year	(6 859 795)
Amount paid - previous years	-
Balance unpaid (included in creditors)	-

31.3 VAT

All VAT returns have been submitted by the due date throughout the year.

31.4 PAYE, SDL and UIF

Opening balance	-
Current year payroll deductions	28 441 299
Amount paid - current year	(28 441 299)
Amount paid - previous years	-
Balance unpaid (included in creditors)	-

31.5 Pension and Medical Aid Deductions

Opening balance	-
Current year payroll deductions and Council Contributions	43 220 364
Amount paid - current year	(43 220 364)
Amount paid - previous years	-
Balance unpaid (included in creditors)	-

31.6 Supply Chain Management Deviations

In terms of Regulation 36 of the Municipal Supply Chain Management Regulations, any deviations from the Supply Chain Management Policy needs to be condoned by the Municipal Manager and noted by Council.

Opening balance	5 887 514
Deviations - current year	750 151
Total amount condoned	(754 940)
Deviations awaiting authorisation	5 882 725

31.7 Transactions with Related Parties

W Asmal	1 079 200
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The above employee is related to the director of Mivusa Trading (Pty) Ltd, of which the Municipality conducted business with during the financial period.

Notes to the Financial Statements

30 June 2017

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32. Capital Commitments**32.1 Commitments in respect of capital expenditure:**

- Approved but not yet contracted for	
Infrastructure	-
Community	-
Other	-
- Approved and contracted for	
Infrastructure	9 765 729
Community	1 680
Other	-
	9 767 409

This expenditure will be financed from:

- External Loans	-
- Government Grants	9 767 409
- Own Resources	-
	9 767 409

32.2 Operating leases - as lessor

Minimum lease payments due	
Within one year	454 175
In the second to fifth year inclusive	1 918 523
After five years	1 205 850
	3 578 547

Operating Leases consists of the following:

Certain of the municipality's property is held to provide a service to the community to assist with local economic and social development. Lease agreements are cancellable if agreed by both parties.

33. Other Income

Included in other income are the following:

Actuarial Gain	2 350 835
Fees : Brigade Service	234 238
Fees : Building Plans	139 582
Fees : Burial	135 126
Fees : Sewerage Plans	231 660
Fees : Photocopies	132 068
Legal Fees	99 382
Licences : Trade	113 248
Notice Processing Cost	93 307
Rates Clearance Certificates	209 502
Reconnection Fees : Non Payment	437 758
Sale of Plots - Cemetery	78 030
Sale of Livestock	109 956
Sale of Tender Documents	738 901
Sundries & Other	1 295 238
	6 398 831

Notes to the Financial Statements

30 June 2017

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34. Retirement Benefit Information**Defined Contribution Plan**

The following are defined contribution plans. These are not treated as defined benefit plans as defined by IAS 19, but are accounted for as defined contribution plans. This is in line with the exemption in IAS 19 par.30 which states that where information required for proper defined benefit plan accounting is not available in respect of multi-employer and state plans, these should be accounted for as defined contribution plans. This municipality has been unsuccessful in obtaining the necessary information to support proper defined benefit plan accounting due to restrictions imposed by the multi-employer plan. It is therefore deemed impracticable to obtain this information at a suitable level of detail.

Natal Joint Municipal Pension Fund (Superannuation)

The total rate of contribution by the municipality, including the surcharge, is 31,13% (21,63% plus the surcharge of 9,5%) of pensionable salaries and the surcharge is for a period of 8 years with effect from 1 August 2012, which is subject to change.

Natal Joint Municipal Pension Fund (Retirement)

The total rate of contribution by the municipality, including the surcharge, is 34,12% (18,37% plus the surcharge of 17,5% less 1,65%) of pensionable salaries and the surcharge is for a period of 8 years with effect from 1 August 2012.

Natal Joint Municipal Provident Fund

The total rate of contribution by the municipality of pensionable salaries varies with 9,75%, 13,65% and 18,00% of pensionable salaries.

35. Councillor's Arrear Consumer Accounts

No Councillor(s) had arrear accounts over 90 days during the financial period ending 30 June 2017.

36. Related Parties**Key Management Personnel and Councillors Remuneration**

Remuneration of Key Management Personnel and Councillors is set out in Notes 24 and 25 respectively to the Financial Statements.

Notes to the Financial Statements

30 June 2017

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37. Risk Management

Financial Risk Management

The municipality's activities exposes it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects of the municipality's financial performance.

Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, municipality treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash Flow forecasts are prepared and utilised borrowing facilities are monitored.

Interest Rate Risk

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by management. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards.

Credit guarantee insurance is purchased when deemed appropriate.

Notes to the Financial Statements

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38. Contingencies**38.1 Contingent Liabilities**

The Municipality identified the following contingent liabilities:

Claim for Damages

The Municipality was sued for damages for allegations of unlawful arrest and defamation. 500 000
The matter is being defended and is at the pleading stage and the outcome is awaited.
Case No. 11653/2015

The Municipality was sued for motor vehicle damages. 34 863
The Municipality is defending the claim.
Case No. 1332/2015

The Municipality was sued for motor vehicle damages. 21 010
The plaintiff has filed for judgement and the court has not granted it as yet.
Case No. 520/2016

The Municipality was sued for damages involving a minor falling into a trench. 985 000
The Municipality is defending the claim and the matter has not been set down for trial as yet.
Case No. 9222/2010

The Municipality was sued for outstanding payments to a service provider. 1 900 000
The Municipality is defending the claim and the pleading process is at discovery stage.
Case No. 6040/2015

The Municipality was sued for damages to private property by a tree situation on municipal property. 6 385
The Municipality is defending the claim.
Case No. 217/2017

3 447 258

38.2 Contingent Assets

The Municipality identified the following contingent asset:

A case of alleged fraudulent transactions and theft of money, during the month of 1 465 181
January 2016 and prior months, by a Cashier in the Revenue Section in the
Department of Finance, had been detected and reported.
A case of fraud was opened at the South African Police Services on 3 May 2016 as per
Case No. 32/5/2016. The South African Police Services has since charged the employee
with fraud and the case is currently under investigation.

1 465 181

Notes to the Financial Statements

30 June 2017
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39. Budget Information

The budget is approved on an accrual basis by nature and vote classification. The approved budget covers the period from 10 August 2016 to 30 June 2017.

The budget and accounting bases are the same, both are on the accrual basis. The financial statements are prepared using a classification on the nature of income and expenses in the statement of financial performance.

Refer to Appendix C for more detail on budget and actual information with an explanation of material differences between the budget and actual amounts by nature classification.

Refer to Appendix D for classification of actual information by vote.

40. Change in Accounting Estimate

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in accordance with the Standard of GRAP on accounting policies, changes in accounting estimates and errors.

The Municipality has assessed the remaining useful lives of property, plant and equipment which resulted in a change of certain asset's remaining useful lives.

The effect of the change in accounting estimate has resulted in an increase in depreciation amounting to R 73 817 744 for the current period.

Infrastructure Assets	31 036 302
Community Assets	27 378 701
Other Assets	15 402 741
	73 817 744

41. Key Sources of Estimation Uncertainty and Judgements

The following areas involve a significant degree of estimation uncertainty:

Useful lives and residual values of property, plant, and equipment	1 501 204 573
Recoverable amounts of property, plant and equipment	45 388 070
Provision for rehabilitation of landfill site (discount rate, no. of years, amount of cash flows)	29 897 013
Present value of post retirement benefit obligation	8 464 580
Present value of long service awards	700 141
Provision for performance bonus	177 163 455
Provision for doubtful debts	30 384 768
Impairment of assets	201 880 806
Investment property	23 078 462
Inventory assets held for sale	

The following areas involved judgements, apart from those involving estimations disclosed above, that management has made in the process of applying the municipality's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Impairment of assets	30 384 768
Provisions	223 251 666

42. Take on Balances of the Alfred Duma Local Municipality on the date of incorporation being the 10th of August 2016

	TAKE ON BALANCE	EMNAMBITHI / LADYSMITH	INDAKA
	R	R	R
Assets			
Current Assets			
Inventories	33 786 487	33 718 257	68 230
Trade and Other Receivables from Exchange Transactions	37 075 215	36 903 471	171 744
Other Receivables from Non-Exchange Transactions	110 086 038	104 961 838	5 124 200
VAT Receivable	15 051 599	8 918 678	6 132 921
Short-Term Investments	18 472 501	18 472 501	
Call Investment Deposits	72 615 537	72 615 537	
Cash and Cash Equivalents	142 529 312	11 860 705	130 668 607
	429 616 689	287 450 987	142 165 702
Non-Current Assets			
Property, Plant and Equipment	1 257 108 395	1 069 258 925	187 849 470
Intangible Assets	286 624	235 092	51 532
Investment Property	80 443 478	80 196 999	246 479
Heritage Assets	15 302 512	15 302 512	-
Non-Current Receivables from Exchange Transactions	14 014	14 014	-
	1 353 155 023	1 165 007 542	188 147 481
Total Assets	1 782 771 712	1 452 458 529	330 313 183
Current Liabilities			
Consumer Deposits	9 004 124	9 004 124	-
Provisions	9 261 557	8 380 837	880 720
Retirement Benefit Obligations	-	-	-
Trade and Other Payables from Exchange Transactions	138 369 973	126 439 288	11 930 685
Unspent Conditional Grants and Receipts	22 429 375	19 434 648	2 994 727
Current Portion of Long-term Loans	553 118	302 745	250 373
	179 618 147	163 561 642	16 056 505
Non-Current Liabilities			
Long-term Loans	7 182 974	4 111 003	3 071 971
Provisions	32 596 528	30 072 155	2 524 373
Retirement Benefit Obligations	31 309 920	31 309 920	
	71 089 422	65 493 078	5 596 344
Total Liabilities	250 707 569	229 054 720	21 652 849
Net Assets	1 532 064 143	1 223 403 809	308 660 334
Net Assets			
Housing Development Fund	26 681 074	25 963 700	717 374
Accumulated Surplus	1 505 383 069	1 197 440 109	307 942 960
Total Net Assets	1 532 064 143	1 223 403 809	308 660 334

Alfred Duma Local Municipality
APPENDIX A

SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2017 (Unaudited)

EXTERNAL LOANS				Balance at 10 August 2016 R	Received R	Redeemed or Written Off R	Balance at 30 June 2017 R
LONG-TERM LOANS	Interest Rate	Loan Ref.	Redeemable				
Absa Bank - Tsakane Electrification	9.10%	A1	Feb 2026	4 413 748	-	277 050	4 136 698
DBSA - Indaka	5.00%	A2	Sept 2028	3 322 344	-	176 596	3 145 748
TOTAL EXTERNAL LOANS				7 736 092	-	453 646	7 282 446

Alfred Duma Local Municipality
APPENDIX B

ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2017 (Unaudited)

	Cost				Capital Under Construction				Accumulated Depreciation				Impairment			Carrying Value
	Opening Balance	Additions	Disposals / Write-Off / Transfers	Closing Balance	Opening Balance	Additions	Disposals / Write-Off / Transfers	Closing Balance	Opening Balance	Additions	Disposals / Write-Off / Transfers	Closing Balance	Opening Balance	Additions	Closing Balance	
Infrastructure																
Electricity	345 311 578	17 052 409	-1 063 553	361 300 435	4 021 501	13 030 808	-17 052 409	-	133 302 658	6 316 989	-455 579	139 164 068	2 881 918	131 499	3 013 418	219 122 949
Roads	1 145 803 291	148 853 765	-	1 294 657 056	23 182 369	128 262 403	-148 853 765	2 591 008	634 423 786	67 842 457	-	702 266 243	-	24 652 340	24 652 340	570 329 481
Street Furniture	10 397 569	660 020	-1 480 033	9 597 556	572 164	-	-572 164	-	5 166 583	103 186	-719 478	4 550 291	652 219	-10 585	641 634	4 405 632
Solid Waste	33 276 285	16 856 446	-	50 132 732	3 339 904	-	-3 339 904	-	-0	-	-	-0	-	-	-	50 132 732
Stormwater	198 079 184	2 173 212	-	200 252 396	1 106 373	1 066 839	-2 173 212	-	101 164 296	3 111 815	-	104 276 111	-	-	-	95 976 285
	1 732 867 907	185 595 853	-2 523 586	1 915 940 175	32 222 411	142 360 051	-171 991 454	2 591 008	874 057 323	77 374 447	-1 175 057	950 256 713	3 534 137	24 773 254	28 307 391	939 967 078
Community Assets																
Buildings	187 991 984	40 968 636	-	228 960 622	37 751 386	33 817 849	-40 968 636	30 600 598	92 528 606	9 646 369	-	102 174 976	-	-	-	157 386 244
Recreation Facilities - Parks	100 609 255	7 197 732	-	107 806 987	6 423 713	774 020	-7 197 732	-0	49 340 837	6 440 052	-	55 780 889	1 558 728	5 589 347	7 148 075	44 878 024
	288 601 239	48 166 370	-	336 767 610	44 175 099	34 591 869	-48 166 370	30 600 598	141 869 444	16 086 421	-	157 955 865	1 558 728	5 589 347	7 148 075	202 264 268
Other Assets																
Buildings	116 973 266	4 101 928	-	121 075 194	2 683 263	1 418 665	-4 101 928	-	54 462 463	6 840 782	-	61 303 245	-	-	-	59 771 949
Computer Equipment	15 831 037	2 189 879	-298 613	17 722 303	-	-	-	-	7 910 149	2 660 466	-220 948	10 349 667	16 514	22 167	40 681	7 331 956
Furniture & Office Equipment	18 061 452	187 970	-588 771	17 660 651	-	-	-	-	9 900 358	1 651 514	-588 771	10 963 100	116 628	-	116 628	6 580 922
Motor Vehicles	70 049 542	912 704	-2 177 875	68 784 370	-	-	-	-	2 070 480	31 080 101	-1 027 866	32 122 714	1 391 498	-	1 391 498	35 270 158
Plant & Equipment	29 057 016	4 294 089	-1 125 306	32 225 800	614 035	-	-614 035	-	16 535 646	2 029 631	-833 703	17 731 574	-	-	-	14 494 226
	249 972 312	11 686 570	-4 190 566	257 468 317	3 297 298	1 418 665	-4 715 963	-	90 879 095	44 262 495	-2 671 289	132 470 300	1 526 640	22 167	1 548 807	123 449 210
Land Assets																
Land with Buildings	10 437 000	-	-	10 437 000	-	-	-	-	-	-	-	-	-	-	-	10 437 000
Vacant Land	225 055 018	2 020 000	-1 988 000	225 087 018	2 020 000	-	-2 020 000	-	-	-	-	-	-	-	-	225 087 018
	235 492 018	2 020 000	-1 988 000	235 524 018	2 020 000	-	-2 020 000	-	-	-	-	-	-	-	-	235 524 018
Total	2 506 933 476	247 468 794	-8 702 151	2 745 700 118	81 714 807	178 370 586	-226 893 788	33 191 605	1 106 805 861	137 723 363	-3 846 346	1 240 682 878	6 619 505	30 384 768	37 004 272	1 501 204 673

Alfred Duma Local Municipality

APPENDIX C

STATEMENT OF BUDGET AND ACTUAL INFORMATION AS AT 30 JUNE 2017 (Unaudited)

REFER TO NOTE 39

Description By Nature	Budget 10 August 2016 to 30 June 2017 R	Budget Adjustments (i.t.o. s28 & s31 of the MFMA R	Virement (i.t.o. Council Approved Policy) R	Approved Annual Budget 2017 R	Actual 10 August 2016 to 30 June 2017 R	% Variance R	Explanation of Significant Variances Actual versus Budget
Financial Performance							
Property Rates	128 010 104	5 690 317	-	133 700 421	121 762 227	91.07%	Ratepayers were not given an automatic indigency value on their properties during this period, and had to apply for indigency resulting in higher outstanding debt
Property Rates - Penalties & Collection Charges	5 058 570	-	-	5 058 570	12 746 779	251.98%	
Services Charges	294 721 080	5 711 645	-	300 432 725	298 088 023	99.22%	
Rental of Facilities and Equipment	2 380 957	-	-	2 380 957	2 374 644	99.73%	Unspent grant funds were invested and kept in call accounts to attract interest
Interest Earned - External Investments	7 493 750	6 824 382	-	14 318 132	15 029 028	104.97%	
Interest Earned - Outstanding Debtors	2 216 624	296 254	-	2 512 878	3 038 004	120.90%	
Fines	9 629 768	-	-	9 629 768	9 359 689	97.20%	Ratepayers were not given an automatic indigency value on their properties during this period, and had to apply for indigency resulting in higher outstanding debt on service charges, i.e. refuse
Licences and Permits	6 266 326	(501 212)	-	5 765 114	4 944 826	85.77%	
Transfers and Grants Recognised - Operational	117 167 183	80 902 783	-	198 069 966	170 206 555	85.93%	
Other Income and Profit on Fair Value Adjustments	4 984 714	(1 662 708)	-	3 322 006	83 133 459	2502.51%	Investment properties values were adjusted i.t.o. the new valuation roll
Total Revenue (Excl. Capital Transfers & Contributions)	577 929 076	97 261 461	-	675 190 537	720 683 234	106.74%	
Employee Related Costs	203 468 296	19 718 536	-	223 186 832	212 482 749	95.20%	Ratepayers were not given an automatic indigency value on their properties during this period, and had to apply for indigency resulting in higher outstanding debt for which the debt had to be impaired accordingly
Remuneration of Councillors	15 738 604	5 301 494	-	21 040 098	19 752 349	93.88%	
Bad Debts	21 527 500	11 796 767	-	33 324 267	49 400 365	148.24%	
Depreciation and Amortisation Expense	60 889 316	9 102 287	-	69 991 603	137 984 643	197.14%	Change in estimates on PPE in terms of RUL, affected the current depreciation expense
Finance Costs	355 681	199 875	-	555 556	499 466	89.90%	ICT Infrastructure Support for the implementation of the new financial system and additional security services required for Councillors and Officials
Bulk Purchases	180 791 579	4 089 696	-	184 881 275	178 560 755	96.58%	
Contracted Services	-	23 428 107	-	23 428 107	27 684 374	118.17%	
Impairment Loss	1 765 176	-	-	1 765 176	30 384 768	1721.34%	Impairments on PPE were higher than anticipated
Loss on Disposal of PPE	-	-	-	-	2 164 202	0.00%	Donation of Assets to Eskom were not budgeted for as they were funded ex grants
Inventories: Write-down to Net Realisable Value	-	-	-	-	605 454	0.00%	
Other Expenditure	123 733 677	5 294 688	-	129 028 365	132 438 747	102.64%	
Total Expenditure	608 269 829	78 931 451	-	687 201 280	791 957 872	115.24%	
Surplus/(Deficit)	(30 340 753)	18 330 011	-	(12 010 742)	(71 274 637)	593.42%	
Transfers Recognised - Capital	86 150 275	45 056 125	-	131 206 400	127 331 517	97.05%	Budget on Capital Projects was not utilised by the previous Municipalities for allocation made in July 2016, resulting in more spending on already committed projects
Contributions Recognised - Capital	-	-	-	-	-	0.00%	
Surplus/(Deficit) After Capital Transfers & Contributions	55 809 522	63 386 136	-	119 195 658	56 056 880	47.03%	
Capital Expenditure and Funds Sources							
Capital Expenditure							
Transfers Recognised - Capital	86 150 275	45 056 125	-	131 206 400	127 331 517	97.05%	Budget on Capital Projects was not utilised by the previous Municipalities for allocation made in July 2016, resulting in more spending on already committed projects
Public Contributions and Donations	-	-	-	-	-	0.00%	
Borrowing	-	-	-	-	-	0.00%	
Internally Generated Funds	26 659 308	79 790 431	-	106 449 739	58 206 357	54.68%	Underspending on own capital funding was as a result from prioritising grant funded projects to prevent underspending on grants for the financial period
Total Sources of Capital Funds	112 809 583	124 846 556	-	237 656 139	185 537 874	78.07%	

Alfred Duma Local Municipality

APPENDIX D

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE (Unaudited)

	10 August 2016 to 30 June 2017 Actual Income R	10 August 2016 to 30 June 2017 Actual Expenditure R	10 August 2016 to 30 June 2017 Surplus / (Deficit) R
Municipal Manager & Council	315 959 390	111 698 082	204 261 308
Corporate Services	700 000	20 458 554	-19 758 554
Community Services	72 235 839	153 126 840	-80 891 001
Finance	4 966 639	35 177 539	-30 210 899
Infrastructure & Services	452 881 575	443 328 930	9 552 645
Development, Planning & Human Settlement	1 271 307	28 167 927	-26 896 620
Total	848 014 751	791 957 872	56 056 879

Alfred Duma Local Municipality
APPENDIX E

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003 (Unaudited)

Name of Grants	Name of Organ of State	Receipts	Expenditure	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act
		10 August 2016 to 30 June 2017	10 August 2016 to 30 June 2017	Yes / No
		R	R	
Development, Planning and Shared Services	Dept of Economic Development	400 000	-	Applied for Rollover
Disaster Recovery Grant	National Government	50 000 000	50 000 000	Yes
Equitable Share	National Government	153 115 658	153 115 658	Yes
Expanded Public Works Programme	National Government	4 906 000	4 906 000	Yes
Housing Accreditation Funds	Dept of Human Settlement	1 930 120	357 262	Yes
Integrated National Electrification Programme	National Government	11 500 000	11 500 000	Yes
Ladysmith Airport	Dept of Economic Development	2 000 000	-	Applied for Rollover
Ladysmith Black Mambazo	Dept of Arts & Culture	1 000 000	-	Applied for Rollover
Municipal Demarcation Transition Grant	COGTA	9 714 000	9 714 000	Yes
Municipal Finance Management Grant	National Government	3 450 000	3 450 000	Yes
Municipal Infrastructure Grant	National Government	70 353 000	70 353 000	Yes
Museum Subsidy	Dept of Arts & Culture	175 000	175 000	Yes
Provincialisation of Libraries	Dept of Arts & Culture	4 035 000	4 035 000	Yes
Recapitalisation of Libraries	Dept of Arts & Culture	738 000	738 000	Yes
Records Management	COGTA	200 000	-	Applied for Rollover
Scheme Support Grant (LUMS)	COGTA	1 000 000	-	Applied for Rollover
Translation & Promulgation of By-Laws	COGTA	200 000	-	Applied for Rollover
Workstudy - Merged Muncipalities	COGTA	700 000	700 000	Yes
		315 416 778	309 043 920	

ANNEXURE "D"

ANNUAL REPORT OF THE AUDIT COMMITTEE:

2016/2017



ANNUAL REPORT OF THE AUDIT COMMITTEE

2016-2017 FINANCIAL YEAR

Final Audit Committee Report – June 2017

ANNUAL REPORT OF THE AUDIT COMMITTEE FOR THE PERIOD 01 JULY 2016 TO 30 JUNE 2017

INTRODUCTION

The Audit Committee of the Municipality has pleasure in submitting this annual report. This report is submitted in terms of the provisions of sections 121(3) (j), 166(2) (b) and 166(2) (c) of the Municipal Finance Management Act of 2003 ("the MFMA") and covers the financial period from 1 July 2016 to 30 June 2017.

The report records the outcome of the work done by the Audit Committee. The committee from time to time made recommendations as preventative or corrective measures to the weaknesses identified by Internal Audit Unit in the municipality based on reports and information supplied to the Audit Committee.

AUDIT COMMITTEE MEMBERS

As per the recommendations of council, the Emnambithi Audit and Performance Audit Committee were combined to form one (1) Audit Committee with effect from 01/07/2016.

Furthermore, after the merger, the former Emnambithi Audit Committee and former Indaka Audit Committee combined to form one (1) Audit Committee.

The Audit Committee consists of the members as listed hereunder and meets as a minimum four times a year as per the approved Audit Committee Charter. The composition of the committee is a minimum of three members as per section 166 (4) (a) of the MFMA.

Mr S Majola	-	chairman
Mr B Mbange	-	member
Mr PJ Mahlaba	-	member
Mr B Dladla	-	member
Mr Z Zulu	-	member
Mr A Jordan	-	member
Ms N Mchunu	-	member

NUMBER OF AUDIT COMMITTEE MEETINGS HELD

There were six (6) meetings held during this period on the following dates:

- 24 August 2016
- 28 August 2016
- 29 August 2016
- 27 October 2016
- 27 February 2017
- 22 May 2017

Final Audit Committee Report – June 2017

Minutes of all Audit Committee meetings are submitted by the Internal Audit Section to Municipal Public Accounts Committee, Executive Committee and Council.

ATTENDANCE OF MEETINGS

COMMITTEE MEMBER	MEETING POTENTIAL	MEETINGS ATTENDED
Mr S Majola	6	5
Mr B Mbange	4	4
Mr PJ Mahlaba	4	4
Mr B Dladla	4	4
Mr Z Zulu	4	3
Mr A Jordan	5	5
Ms N Mchunu	5	5

AUDIT COMMITTEE RESPONSIBILITIES

The Audit Committee has complied with its responsibilities arising from section 166 of the MFMA and clause 14(2) (a) of the Municipal Planning and Performance Management Regulations of 2001. The Audit Committees' work was guided and regulated by an Audit Committee Charter, which was reviewed, and approved by Council, on the **25 June 2015** and discharged all its responsibility as contained therein.

LEGISLATIVE MANDATE

The MFMA No 56 of 2003 section 166 requires from the Audit Committee amongst other matters:-

To advise the Municipal Council, Political office bearers, the Accounting Officer and management staff on matters relating to:-

- a. Performance management and evaluation,*
- b. Internal financial control and internal audits.*
- c. Risk Management.*
- d. Accounting policies.*
- e. The adequacy, reliability and accuracy of financial reporting and information.*
- f. Effective governance*
- g. Compliance with MFMA, DORA and any other applicable legislation.*

Final Audit Committee Report – June 2017

OVERVIEW OF AUDIT COMMITTEE ACTIVITIES

1. PERFORMANCE MANAGEMENT AND EVALUATION

- 1.1. Quarterly Performance Reports for the 2016-2017 financial year were submitted to our Audit Committee meetings. The performance information was reviewed by Internal Audit and reports were submitted to the committee. There were many areas of concern raised by Internal Audit and the Audit Committee. These issues were dealt with during the amendment of the Service Delivery Budget Implementation Plan which was conducted during the Adjustment Budget Process.
- 1.2. A special Audit Committee Meeting was held on the 29/08/2017, to discuss the Draft Annual Report. Internal Audit Section had reviewed the Annual Performance Report and provided a report to the Committee. The Internal Audit report highlighted some areas of concern.

The committee also provided comments to Performance Management. It was recommended that the areas of concern and comments raised by Internal Audit Section and the Committee be attended to by Performance Management prior to submission of the Draft Annual Report and Final Performance Report to the Auditor General on the 31/08/2017.

2. INTERNAL AUDIT FUNCTION

- 2.1. In terms of Section 165 (1) of the MFMA each municipality is required to have an Internal Audit Section. The Internal Audit Charter was adopted by the Committee on the **26 June 2016**, regulates the work of the Internal Audit Section.
- 2.2. The municipality has a fully sourced Internal Audit Section who have performed their tasks in terms of their approved Internal Audit Charter and Internal Audit Plan for the 2016/2017 financial year.
- 2.3. The Internal Audit Section presented its three year rolling plan for 2016/2017, 2017/2018, and 2018/2019 and this was reviewed and approved by the Audit Committee after ensuring that all major risks were covered by this Strategic Internal Audit Plan. This plan also included the operational plan of the Internal Audit Section.
- 2.4. During this period, the Internal Audit Quarterly Report was presented to the Audit Committee and discussed with management in the Audit Committee meetings.
- 2.5. As per the internal audit reports presented, the committee discussed the Internal Audit findings on the weaknesses of the system of internal control with management. Issues were deliberated upon and recommendations were made by the committee to improve and resolve these issues.

Final Audit Committee Report – June 2017

- 2.6. The committee wishes to raise on a serious note it's concern that some managers were not responding to the findings of Internal Audit Section timeously. If these issues are not attended to, they will end up on the Auditor-General's report at the end of the audit year.

3. SYSTEMS OF INTERNAL CONTROL

- 3.1. The system of internal controls are designed to provide reasonable assurance that the assets are safeguarded and the liabilities and working capital are working effectively and efficiently managed.
- 3.2. Reports of the Internal Audit Section highlighted some systems of internal control deficiencies in the following areas:
- Inventory and Stock Management
 - Debtors Management
 - Asset Management
 - Creditors and Expenditure Management
 - Supply Chain Management Processes
 - Revenue Management
 - Human Resource Management
 - Consequence Management
- 3.3. The Audit Committee made recommendations to management to address deficiencies highlighted and the committee will continue monitoring the implementation of these recommendations.

4. FINANCIAL MANAGEMENT AND REPORTING

- 4.1. The committee noted the finance reports that were presented at the Audit Committee meeting:
- 4.1.1. Report on Monthly Budget Statements which contained the Creditors Age Analysis, Debtors age Analysis, Bank Reconciliation, Grant reconciliation and Cash-flow Statements
- 4.2. The committee wishes to highlight the following areas of concern:
- The increasing debtors book, and the decrease in the monthly collection rate. This matter is of concern for the audit committee as it has an impact on liquidity and financial sustainability of the municipal operations. Furthermore, The Auditor General also raised this as an emphasis of matter. **It is appreciated that the Finance team have developed a revenue enhancement strategy, which was presented at the last Audit Committee meeting. We urge both management and councilors to work together to implement this strategy.**

Final Audit Committee Report – June 2017

- **Asset Management.** Due to the nature of this activity, it remains a high risk in most municipalities. More efforts are required to improve controls in this section especially ensuring that the Fixed Asset register is accurate and complete. **Updating of the fixed asset register and asset reconciliations should be done on a monthly basis and not only at year end. This will minimize the work to be done and high fees paid to consultants who are assisting the municipality in this regard.**
- **Procurement and Contract Management.** Due to the nature of this activity, it remains a high risk in most municipalities. More efforts are required to improve controls in this section especially ensuring that the Contract register is accurate and complete. **Updating of the contract register should be done on a monthly basis and not only at year end.**
- **Consequence Management.** It is appreciated that the Finance Team does report UIF&W Expenditure monthly to council. **However it is recommended that the investigations and outcomes once finalized also be reported to council.**

- 4.3. The committee would like to stress the importance of the implementation of Municipal Standard Chart of Accounts (MSCOA) which was effective from 01/07/2017. MSCOA is a budget reform. Reports were submitted by Finance Management on the Progress on MSCOA readiness. Finance Management gave the assurance that the MSCOA system has been implemented and there are some teething problems which continually being addressed.
- 4.4. The mid-term Financial Statements 2016-2017 were compiled, and reviewed by Internal Audit, however it was not submitted to the Audit Committee. During the review of the Quarterly Internal Audit Reports, the committee noted that the Internal Audit report highlighted many serious issues, which needed to be urgently addressed.
- 4.5. A special Audit Committee Meeting was held on the 29/08/2017, to discuss the Draft Annual Financial Statements as at 30 June 2017. Internal Audit Section had reviewed the Annual Financial Statements and provided a report to the Committee. The Internal Audit report highlighted many serious issues, which need to be urgently addressed.

The committee also provided comments to Finance management. It was recommended that the areas of concern and comments raised by Internal Audit Section and the committee be attended to by Finance Management prior to submission of the Final Annual Financial Statements to the Auditor General on the 31/08/2017.

Final Audit Committee Report -- June 2017

5. RISK MANAGEMENT

- 5.1. During the period under review, the Risk Section presented the Risk Management Strategy, Risk Register and Top ten risks within the municipality which had been updated with the assistance of Provincial Treasury.
- 5.2. Furthermore a Fraud Risk Register and a Risk Register for the Merger was developed to monitor possible issues that might arise.
- 5.3. The committee noted much improvement in Risk Management with the establishment of the Risk Management committee, which was fully functional for the year under review.
- 5.4. At every Audit Committee Meeting the Risk Report was presented to the committee.
- 5.5. The Audit Committee will continue monitoring risk management to ensure that there is adequate strategy and progress made to manage risks.

6. INFORMATION AND COMMUNICATION TECHNOLOGY

- 6.1. Much progress and effort was made by management to resolve all prior year Information Technology issues.
- 6.2. With the merger that took place with Indaka Municipality, and the conversion to the Munsoft Financial system, this is expected as there is high risk of loss of information when the transfer of data from the old accounting system to the new takes place. However, management has assured the committee that a task team has been appointed to deal with the challenges, and this is a standing item on Management Committee agenda.
- 6.3. The committee will continue to monitor the progress on Information and Communication Technology processes especially the challenges with Munsoft Financial System during the 2017/2018 financial year.

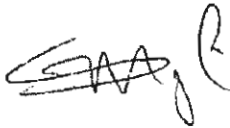
7. REPORT OF THE AUDITOR GENERAL FOR THE 2016/17 FINANCIAL YEAR

- 7.1. It is with great concern that Alfred Duma Municipality received a qualified audit opinion.
- 7.2. As the Audit Committee we recommend that management should compile an action plan to address the issues raised by the Auditor-General
- 7.3. It is further recommended that Council should follow up progress in implementing this action plan.
- 7.4. We were pleased to note that at our Audit Committee meeting held on the 27/02/2017, a detailed Action Plan to resolve all queries raised by the Auditor General (A-G) was presented by management. An updated report was presented at all our meetings.

Final Audit Committee Report – June 2017

8. CONCLUSION

- 8.1 A new committee was appointed with effect from 01/07/2017. We would like to take this opportunity to wish the new committee everything of the best.
- 8.2. As the committee, it was indeed a pleasure for us to serve on the Audit Committee of Alfred Duma Local Municipality. We are certain that management will strive to regain the fortunes of the past and improve the audit opinion in the current financial year.
- 8.3. The Committee wishes to express its sincere gratitude to the Council and all those involved in the improvement of systems at the Municipality and to the Municipal Manager and Senior Management for their support during its term of office.

A handwritten signature in black ink, appearing to be 'SAA R', is written over the printed name of the Chairperson.

**CHAIRPERSON
ALFRED DUMA LOCAL MUNICIPALITY AUDIT COMMITTEE**

ANNEXURE "E"

AUDITOR GENERAL

REPORT: 2016/2017

Auditor-General of South Africa

Alfred Duma Local Municipality - Audit
report 2016-17

Report of the auditor-general to the KwaZulu-Natal Provincial Legislature and the council on Alfred Duma Local Municipality

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Alfred Duma Local Municipality set out on pages ... to ..., which comprise the appropriation statement, the statement of financial position as at 30 June 2017, and the statement of financial performance, statement of changes in net assets, and cash flow statement and the statement of comparison of budget and actual amount for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects of the matters described in the basis for qualified opinion section of this report, the financial statements present fairly, in all material respects, the financial position of the Alfred Duma Local Municipality as at 30 June 2017, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2016 (Act No. 3 of 2016) (DoRA).

Basis for qualified opinion

Property, plant and equipment

3. The municipality did not completely and accurately account for all items of property, plant and equipment in accordance with GRAP 17, *Property, plant and equipment* due to the status of accounting records. I was unable to confirm the property, plant and equipment by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to property, plant and equipment stated at R1,50 billion disclosed in note 9 to the financial statements. Additionally, the residual values and useful lives of property, plant and equipment were not reviewed in accordance with GRAP 17. I was unable to determine the impact on the net carrying amount of property, plant and equipment as it was impracticable to do so.

Investment property

4. The municipality did not completely and accurately account for all investment property held for capital appreciation as investment property in accordance with GRAP 16, *Investment property* due to the status of the accounting records. I was unable to confirm the investment property by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to investment property stated at R201,88 million disclosed in note 11 to the financial statements.

Inventories - Unsold properties and assets held for sale

5. The municipality did not completely and accurately account for all inventories in accordance with GRAP 12, *Inventories* due to the status of the accounting records. I was unable to confirm unsold properties and assets held for sale by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to inventories stated at R38,95 million disclosed in note 15 to the financial statements.

Trade and other payables from exchange transactions - Retentions

6. I was unable to obtain sufficient appropriate audit evidence that management had properly accounted for payables from exchange transactions due to the status of the accounting records. Audit evidence was not received to support retention monies withheld on progress payments made for construction contracts. I was unable to confirm the payables by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to payables from exchange transactions stated at R191,95 million disclosed in note 6 to the financial statements.

Context for the opinion

7. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this report.
8. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
9. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of matter

10. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Material impairment

11. As disclosed in note 16 to the financial statements, the municipality raised a provision for bad debt impairment of R32,73 million on consumer debts as the recoverability of these amounts were doubtful.

Other matters

12. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Unaudited disclosure notes

13. In terms of section 125(2)(e) of the MFMA the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion thereon.

Unaudited supplementary schedules

14. The supplementary information set out on pages xx to xx does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

Responsibilities of the accounting officer for the financial statements

15. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA, DoRA and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
16. In preparing the financial statements, the accounting officer is responsible for assessing the Alfred Duma Local Municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the intention is to liquidate the municipality or cease operations, or there is no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

17. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
18. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

19. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof I have a responsibility to report material findings on the reported performance information against predetermined objectives for

selected development priorities presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

20. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators/measures included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
21. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for development priority 2 – basic service delivery and infrastructure development presented in the annual performance report of the municipality for the year ended 30 June 2017.
22. I performed procedures to determine whether the reported performance information was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
23. I did not raise any material findings on the usefulness and reliability of the performance information for the selected development priority.

Other matters

24. I draw attention to the matters below.

Achievement of planned targets

25. The annual performance report on pages x to x includes information on the achievement of planned targets for the year and explanations are provided for the underachievement of a number of targets.

Adjustment of material misstatements

26. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of development priority 2 – basic service delivery and infrastructure development. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

27. In accordance with the PAA and the general notice issued in terms thereof I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

28. The material findings on compliance with specific matters in key legislations are as follows:

Supply chain management

29. Some of the goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by supply chain management (SCM) regulation 19(a).
30. Sufficient appropriate audit evidence could not be obtained that contracts were awarded to suppliers based on preference points that were allocated and calculated in accordance with the requirements of the Preferential Procurement Policy Framework Act, 2000 (Act No.5 of 2000) and its regulations.
31. Awards were made to providers who were in the service of the municipality and whose directors were in the service of the municipality, in contravention of section 112(j) of the MFMA and SCM regulation 44. Furthermore, the provider failed to declare that he/she was in the service of the municipality, as required by SCM regulation 13(c).
32. Persons in the service of the municipality who had a private or business interest in contracts awarded by the municipality failed to disclose such interest, in contravention of SCM regulation 46(2)(e), the code of conduct for councillors issued in terms of the Municipal Systems Act, 2000 (Act No.32 of 2000) (MSA) and the code of conduct for staff members issued in terms of the MSA.

Expenditure management

33. Effective steps were not taken to prevent irregular expenditure of R25,83 million as disclosed in note 30 to the financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed irregular expenditure was as a result of non-compliance with SCM Regulations due to the municipality not following proper processes for deviations.

Consequence management

34. All of the irregular expenditure incurred by the Alfred Duma Local Municipality was not investigated to determine if any person was liable for the expenditure, as required by section 32(2)(b) of the MFMA.

Asset management

35. An effective system of internal control for assets, including an asset register, was not in place, as required by section 63(2)(c) of the MFMA.

Strategic planning and performance management

36. The review of the IDP was not done in accordance with the results of the performance evaluation or to the extent that changing circumstances demanded as required by section 34(a) and 41(1)(c) of the MSA.

Budget

37. Reasonable steps were not taken to prevent unauthorised expenditure of R125,20 million, as disclosed in note 30 to the annual financial statements, in

contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was as a result of the overspending on a new financial system and additional security services for councillors and officials.

Annual financial statements

38. The financial statements submitted for auditing were not prepared, in all material respects, in accordance with the requirements of section 122 of the MFMA. Material misstatements of non-current assets and current liabilities identified by the auditors in the submitted financial statements were subsequently corrected, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

Other information

39. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report which includes the mayor forewords, accounting officer's report and the audit committee's report. The other information does not include the financial statements, the auditor's report and those selected development priorities presented in the annual performance report that have been specifically reported in the auditor's report.
40. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
41. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected development priorities presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
42. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have not identified any material inconsistencies in other information.

Internal control deficiencies

43. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon.
44. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for qualified opinion, the findings on the performance report and the findings on compliance with legislation included in this report.

Leadership

45. Leadership did not perform effective oversight and monitoring to ensure that delegated officials consistently applied policies and procedures and related internal controls to

achieve reliable and credible financial and performance reporting as well as compliance with applicable legislation.

Financial management

46. Senior management did not implement adequate review procedures to ensure that the annual financial statements and annual performance report were accurately prepared and supported by reliable and credible information.

Other reports

47. I draw attention to the following engagement conducted by the South African Police Service (SAPS) that had, or could have, an impact on the matters reported in the municipality's financial statements, reported performance information, compliance with applicable legislation and other related matters. This report did not form part of my opinion on the financial statements or my findings on compliance with legislation.
48. The SAPS is investigating a case of alleged theft of money by a cashier for a period covering January 2014 to January 2016. At the time of this report, the investigation was still in progress.

Auditor-General

Pietermaritzburg

30 November 2017



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected development priority and on the municipality's compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in the auditor's report, I also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
 - conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Alfred Duma Local Municipality's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor's report. However, future events or conditions may cause a municipality to cease continuing as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.